

THE

October, 1959

Hiring a manager —page 1
Audits for small credit unions —page 8

Credit Union

Bridge

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

ON THE COVER

Young movie star Sandra Dee stops to visit with Frank Jogerst, treasurer of the Universal Studio Credit Union in Hollywood, Calif. The Credit Union Day poster, marking the international credit union holiday on October 13, is proudly displayed in the credit union office, as it is by some 26,000 credit unions around the world.



The Credit Union

Bridge

The Credit Union Bridge is published monthly by the Credit Union National Association, Inc., at 404 N. Wacker Avenue, Mt. Morris, Illinois. Address the editorial or business office at P.O. Box 431, Madison 1, Wisconsin.

P.O. Box 990, Hamilton, Ontario

Vol. 24

No. 10

SUBSCRIPTION—\$2.00 A YEAR

October, 1959

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COMING SOON

Annual meeting plans

How car prices fluctuate

WHEN SHOULD WE HIRE A FULL-TIME MANAGER?

Credit unions with the right potential often make this decision later than they should, these people agree. And they cite growth figures to prove it.

NOT all credit unions can afford to hire a full-time manager, but for those that can, it is probably the most important thing they will ever do.

The rate of growth may double or better. The interest of the members will increase. Savings will rise faster, and loans will increase. And while the salary item in the budget may be larger, some other costs may be reduced.

Interviews with the managers of eleven credit unions show:

- Many credit unions should hire their full-time manager a full year before they do. Most boards are slow to realize that they can no longer operate effectively with a part-time volunteer worker.

- Any credit union should have a full-time manager as soon as the an-

ticipated income is enough to pay his salary.

- It is also time to hire a full-time manager when the work load of the officers or part-time employees becomes too heavy and the service to members is impaired.

- The credit union's potential should be the deciding factor.

These are some of the statistical results of the Bridge survey: Six of the eleven groups hired a full-time manager when their assets were less than \$220,000. The assets of the remaining five credit unions varied between \$354,000 and \$620,000. But nearly all eleven groups have one experience in common. They now feel that they delayed too long. They are almost unanimous in their recommendation that the best time to employ a full-time

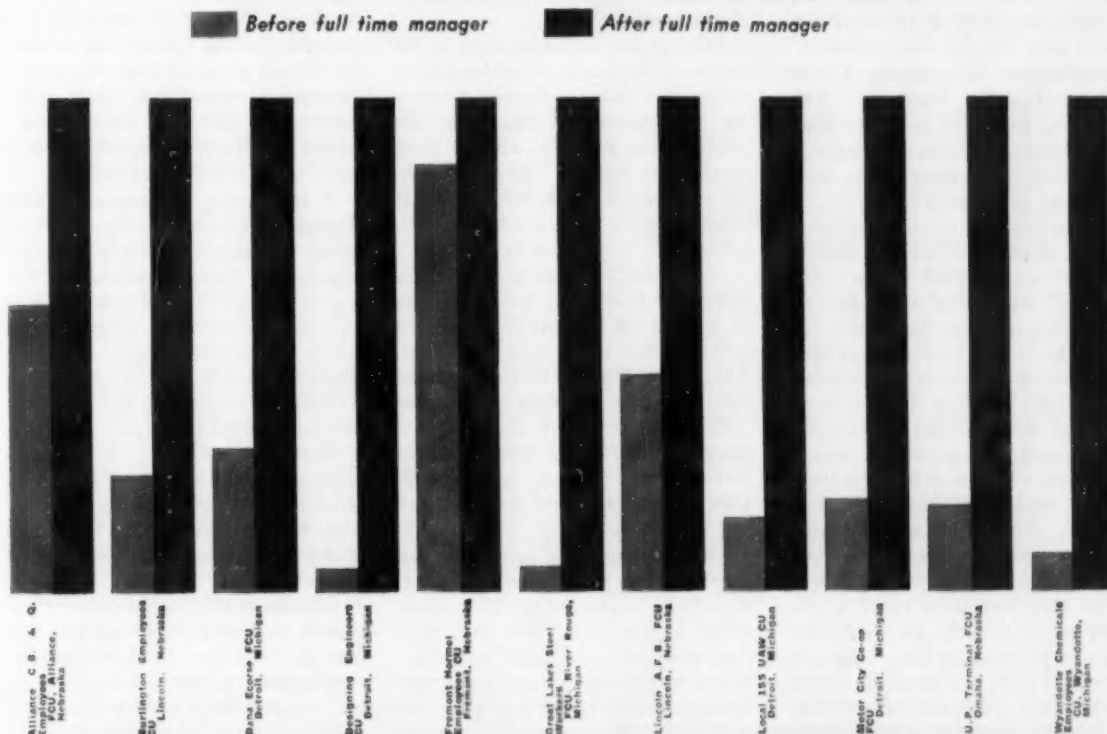
manager is when the assets have reached a point somewhere between the \$100,000 and \$200,000 mark—provided that the potential for further growth is there.

Each of the surveyed groups grew faster after it hired its full-time manager. Average annual growth increased among the eleven credit unions on a small scale for some, enormously for others. The average was better than double.

Here are the experiences and views of the eleven groups selected for the Bridge survey:

Alliance C. B. & Q. Employees Federal Credit Union, Alliance, Nebraska. "Our railroad employees' group was organized in 1936," says treasurer-manager Harold E. Wingstad. "We have had a full-time man-

AVERAGE ANNUAL ASSET GROWTH COMPARISON CHART





ager since 1939. At that time we had 680 active members, a potential membership of 1,500 and current assets of \$80,000.

"Our first treasurer was the station's ticket agent. But in three years' time his credit union work had grown too much to be conducted during working hours without interfering with his full-time railroad duties." Continues Wingstad, "I believe that when a credit union reaches \$100,000 in assets it can improve its services and accelerate its growth if it hires a full-time manager and elects him treasurer, or elects a treasurer and makes him the full-time manager."

Burlington Employees Credit Union, Lincoln, Nebraska. This group was organized in 1935. When it employed its full-time manager in 1955, Burlington's membership stood at 800 and its assets at \$219,774.

"In my opinion, the time to hire a full-time manager is at the time of organization—provided the potential is there," says Dean A. Shamburg, Burlington's manager since 1955. "Of course, he would have to start at a modest salary. But it seems to me that if he is the right man, if he believes in the credit union and works hard, then the credit union will soon have a large enough income to pay him a salary that will meet all his needs."

"Every week one or more potential members come to our office to apply for membership. Many of these people tell me they had never heard of the credit union until the day they came to the credit union to join. To me, it seems as if these new members—most of whom are old-timers on the railroad's force—should have heard about

the credit union years ago. I've been with the credit union for four years now on a full-time basis. The fact that these old-timers had never heard about our credit union speaks poorly of my promotional efforts, I guess. But if someone had been giving full-time service to our membership since we were organized more than twenty-four years ago, then I think all our potential members would have known about us years ago."

Here are Dean Shamburg's ideas for financing full-time managers in new credit unions with large membership potentials:

"One source of funds might be the league. If the league would lend up to six months' salary to the new group—on an interest-free note—then the credit union would be able to grow much more rapidly. This would help the membership tremendously. It would also increase the league's income."

"Of course not every new credit union could use such a loan. This type of loan would have to be limited to groups with a large enough potential. The only difference between the old system of growing slowly and the new system of growing more rapidly is that more members will receive better services more quickly, with a full-time manager to give his attention to their problems."

"I think most credit unions wait too long to get a full-time manager. Bluntly, it seems to me that many credit unions should hire their full-time manager a full year before the board realizes that it can no longer operate effectively with a part-time volunteer worker."

• **Dana Ecorse Federal Credit Union**, River Rouge, Michigan. Treasurer-manager Harold Lock reports that his group was thirteen years old when it employed him as full-time manager in 1954. At that time it had 1,065 members and \$354,000 in assets. By last June, Dana's membership had dropped to 1,037 due to layoffs, but assets had more than doubled, reaching \$879,000.

"We should have employed a full-time manager much earlier. We got by without one because our president spent a great deal of time in our office at the plant. When we moved to a new location, he was not able to do that."

"I think the time to hire a full-time manager is when the work load of the officers or part-time employees becomes too heavy and the efficiency in serving the membership suffers."

• **Designing Engineers Credit Union**, Detroit, Michigan. "Our group was organized in 1933," reports manager William Dudenhoefer. "But we were inactive until 1945. During that year we changed our charter and began to serve designers, draftsmen and engineers in Detroit and Wayne County. At that time we had 170 members and \$5,915 in assets."

Designing hired its first full-time manager in 1953 when its assets had grown to \$620,000 and its membership had reached 1,820. Today the group has a membership potential of 20,000.

Comments Bill Dudenhoefer: "Our reason for hiring a full-time manager was the need for (1) closer supervision of our growing business volume; (2) closer delinquency follow-up; (3) more concentrated membership re-



Edward Farrell manages the Local 155 UAW credit union in Detroit.

Harold Lock, of Dana Ecorse, says, "We should have hired a manager earlier."

George A. Healy, treasurer of the U.P. Terminal group in Omaha, believes the volume of counter transactions and counseling is decisive.

Dean A. Shamburg is manager for the Burlington Employees in Lincoln, Nebraska.

The Wyandotte Chemicals Group has grown fast since they hired a manager.

cruiting and (4) a thoroughly planned public relations program.

"I believe that the time for selecting a full-time manager has arrived when the credit union realizes that it should concentrate on improving, strengthening, building and expanding its membership services.

"A credit union with a limited potential may never need a full-time manager other than a part-time treasurer. In my estimate, the membership potential is the primary consideration in the decision to hire a full-time manager."

• **Fremont Hormel Employees Credit Union**, Fremont, Nebraska. "Our credit union was organized in 1953," says manager Joseph Paulson. "We employed our first full-time manager in January, 1955. At that time we had assets of \$131,000 and 550 members.

"I don't think that it's possible to put your finger on an exact asset figure in regard to the time when a full-time manager is needed. Rather it seems to me that the moment for hiring a full-time manager is there when the directors are spending so much time on credit union work that it becomes a serious burden to them.

"Our board felt that the members needed better and more regular service. And the only way they could improve the membership services, in their estimate, was to have regular and longer office hours."

• **Great Lakes Steel Workers Federal Credit Union**, River Rouge, Michigan. "Our group was organized in 1942," says manager George Maxwell. "When the board hired me as
(Continued on page 25)

The figures in the two right-hand columns below give one measure of the effect which a credit union may expect after it hires a full-time manager. These same figures, showing average annual asset growth before and after managers, are represented in graphic form in the bar chart on page one.

But from the other figures below we can find some interesting averages as shown in the survey of eleven credit unions. For example, these eleven credit unions had an average membership of 1092 at the time the full-time manager was hired and average assets of \$275,491. But, in the years since full-time managers have been employed, these eleven credit unions have grown to an average size of 3322 and average asset size of \$1,966,800!

One final interesting compilation from the figures below. In the eleven credit unions, a total of ninety-eight years—or virtually nine years per credit union—elapsed from time of organization until time of hiring a full-time manager.

Credit Union	Year Organ- ized	Year Full- Time Manager Hired	Members When first full- time manager started	Assets June 1959	Members June 1959	Assets June 1959	Average Annual Asset Growth Before full-time Manager was Employed in Dollars	Average Annual Asset Growth Since full-time Manager was Hired in Dollars
A. Alliance C. B. & Q. Employees FCU, Alliance, Nebraska	1936	1939	680	\$80,000	1,450	\$1,000,000	\$26,666	\$46,000
B. Burlington Employees CU Lincoln, Nebraska	1935	1955	800	\$219,774	877	\$409,575	\$10,989	\$47,450
C. Dana Ecorse FCU Detroit, Michigan	1941	1954	1,065	\$354,000	1,037	\$879,000	\$27,230	\$105,000
D. Designing Engineers CU Detroit, Michigan	1933	1953	1,820	\$620,000	8,200	\$4,375,000	\$31,000	\$625,833
E. Fremont Hormel Employees CU Fremont, Nebraska	1953	1955	550	\$131,000	1,200	\$435,000	\$46,500	\$76,000
F. Great Lakes Steel Workers FCU, River Rouge, Michigan	1942	1955	1,400	\$500,000	5,300	\$3,500,000	\$38,461	\$750,000
G. Lincoln A.F.B. FCU Lincoln, Nebraska	1954	1958	1,092	\$172,000	1,700	\$270,000	\$43,000	\$98,000
H. Local 155 UAW CU Detroit, Michigan	1949	1952	1,200	\$100,000	5,107	\$1,714,000	\$33,333	\$230,571
I. Motor City Co-op FCU Detroit, Michigan	1948	1955	1,082	\$182,350	2,743	\$737,000	\$26,050	\$138,462
J. U.P. Terminal FCU Omaha, Nebraska	1941	1957	1,067	\$371,284	1,308	\$635,126	\$23,205	\$131,921
K. Wyandotte Chemicals Employees CU, Wyandotte, Michigan	1938	1945	1,260	\$300,000	7,624	\$7,480,000	\$42,856	\$527,143



Bridge

PICTURE PAGE

Willard King, counsel for many years to the Illinois Credit Union League, is well-known as an attorney and historian. He has just turned over to the League a file of early correspondence on Illinois credit union legislation.

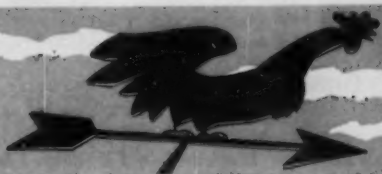
When Miles City, Montana, celebrated an anniversary, the credit union chapter was there with a float, and as a matter of fact the float won a prize in its category. There are nine credit unions in the chapter.

Upper right: Veteran Republican congressional leader Joe Martin of Massachusetts receives a 50th anniversary memento from CUNA president Julius Stone. The third man is Joseph Prenda, president of Massachusetts CUNA Association.

Lower right: On its 25th anniversary, the Bureau of Federal Credit Unions sent out a traveling display. Here it is being shown by Robert Seay, Chicago regional representative, to Ray Whitener of the HEW Chicago Federal Credit Union and James Conklin of the Illinois League.



in the NEWS



The morning of August 21 the movement-sponsored amendments to the **federal credit union act** were voted out favorably by the Senate Banking and Currency Committee. The action was quicker than had been hoped. It became clear during the committee hearings that morning that party leaders have agreed to push the bill through. As it came out of the committee, the bill had been modified in two respects:

- The limit on signature loans was lowered to \$750, as compared with the \$1,000 limit in the bill as passed by the House.

- The directive to the Director of the Bureau of Federal Credit Unions requiring him to prepare proposals for a provision on central credit unions was softened.

Senators Robertson (D., Va.), chairman of the committee, Sparkman (D., Ala.) and Proxmire (D., Wisc.) led the bill through the committee. A representative of the American Bankers Association, a small-town banker from Minnesota, raised some objections to the bill, but under questioning showed little understanding of credit union legislation. Committee members said they had received numerous letters from credit union people.

Steps remaining before the amendments become law: 1. passage by Senate, 2. second passage by House, 3. signature of President Eisenhower. Prospects for rapid completion looked good September 1.

Quarterly meetings of CUNA and its affiliates during the week of August 10 to 15 produced several newsworthy items.

Paul D. Deaton was appointed a member of the CUNA Mutual board of directors, replacing the late Harold Moses.

Mrs. Mildred Boyd was named chairman of the CUNA Mutual policyholders advisory committee, replacing Paul D. Deaton.

Negotiations transferring complete ownership of **Filene House** to the Credit Union National Association were terminated, and work continued on the new CUNA Mutual building.

A special conference on **stabilization programs** will be scheduled in November, according to present plans. James W. Grant, chairman of the CUNA stabilization study committee, missed the quarterly meetings due to illness; in his absence, acting chairman J. J. Hartmann asked for and got approval of the conference from the CUNA executive committee.

Working with Bert Levin, CUNA research di-

rector, the committee is considering an agenda covering 7 subjects: 1. philosophy and objectives of stabilization programs, 2. league services, role of personnel, policies and programs, 3. functions and problems of fund trustees, 4. legal aspects, 5. purchase of assets by central credit unions as stabilization operation, 6. relationship with supervisory authorities, 7. goals and limits of international reserve fund approved in principle by last CUNA annual meeting.

Leagues will be invited to participate. Probable time and place: New York City, November 13-14.

Training programs for **directors of credit union leagues** were authorized by the CUNA executive committee.

In response to a resolution emanating from Minnesota and adopted by CUNA's 6th district, regional conferences will be set up on a self-supporting basis for the education of league directors.

Management has been instructed to work out details.

Five leagues have worked out plans with the CUNA organization department to organize groups of **low income people**. The leagues are Texas, Illinois, Wisconsin, Mississippi and Arizona.

Other new organizing plans: A new pattern for developing rural credit unions will be adopted, based on a suggestion of the Nebraska League; it will involve a capital advance and management service, on an experimental basis. Also, leagues are being asked to adopt new quotas in an organization program to produce the "next 25,000 credit unions."

The **travel accident** coverage heretofore available only to league employees can now be purchased to cover league directors while traveling on league business.

Cost is 72.5 cents per day for \$50,000 coverage; rates are higher when travel exceeds 60 days a year. Leagues now participating are Oklahoma, Colorado, Pennsylvania, Iowa and South Dakota.

The CUNA education department was instructed to investigate the possibility of presenting a flexible **summer school** schedule which would make it possible for students to complete the entire course in six consecutive weeks, as an alternative to the present plan of two weeks a year.

It is not believed the change could be made until 1961.

The **Credit Union League of Peru** has been admitted to membership in the Credit Union

National Association. There are 60 credit unions in Peru.

Louis Bonderefsky, new managing director of the New York State Credit Union League, has resigned from the CUNA Supply board. A new member will be elected in February. **Elmer M. Johnson** and **Melvin H. Wideman** will represent CUNA at the Cooperative League, and **A. J. Snell** will represent CUNA Supply. **John J. Hartmann** becomes CUNA's representative to the Cooperative Union of Canada.

CUNA Mutual coverage increased \$355 million during the first six months of 1959, reported president **J. D. N. MacDonald**. The company now has 1,868 major medical contracts in force, and is working out a pilot project in which a credit union, an employer and CUNA Mutual work together on major medical coverage, with each credit union member choosing his own deductible.

The CUNA planning committee recommended that CUNA set up a regular budget item in the future to finance **books** about credit unions.

Russians are adopting the **installment plan**, according to recent newspaper reports. High-priced items only will be made available on credit terms, downpayments of 20 to 25 percent will be required, and service charges will run from 1 to 2 percent.

Incidentally, **Nikita Khrushchev** has been invited to take in a credit union while visiting the United States. The credit union is the U. S. Courthouse group in Nashville, and the suggestion is offered that he will find it a "practical exhibit of economic democracy."

A supermarket in Pueblo, Colorado, has helped **striking steel workers** get bank loans. Purpose, says the supermarket, is "to keep our customers out of the hands of the finance companies." Money is paid directly to the store, which issues coupons redeemable in groceries.

CUNA Supply is offering a new book on **money management**, called "A New Way with Money." The author is **Charles V. Neal, Jr.**, well-known newspaper writer and debt adjuster. It's paper backed and sells for a dollar.

Harold Moses, immediate past president of CUNA Mutual who died unexpectedly while on Society business in July, will be memorialized through the Louisiana League's new building. The building, funds for which are now being gathered, will be named the **Moses Memorial Building**.

A course with college credits in credit union **personal financial counseling** will be offered through the school year at the University of Utah under co-sponsorship of the Utah League and the State Banking Department.

On October 9 and 10, credit union **leaders in Canada** will meet in Sydney, Nova Scotia. First up is a day-long conference for study of credit

union organization among low income groups. Second day will be devoted to a meeting of the two Canadian districts of CUNA.

Early in September, U. S. banks had raised their **prime rate** for lending to choicest borrowers to 5 percent, highest rate since February 1930.

Possible amendments to the **state credit union act** will be considered in Colorado on October 24 at a meeting of all state-chartered credit unions.

Leagues continue to announce **changes in personnel**, frequently indicating an enlargement of staff. Latest changes include: Georgia—**Joseph Ellis** will leave field work to assist Managing Director **Jimmy DeLay** in the office, **Perry Pearson** will become a fieldman; Missouri—**Richard M. Deelo** will become League representative in the St. Louis area; California—**Charles E. (Chuck) Ferguson** will be fieldman in the southern area; Saskatchewan—**Ernest Henschel** becomes League director of education and publicity, and **Anton Thorson** becomes fieldman for northern Saskatchewan; Colorado—an opening is available for a fieldman in the southern part of the state.

Sixty percent of all new cars sold in June were **sold on credit**, according to Federal Reserve Board figures.

The week following Credit Union Day this year—the third full week in October—also has interest to credit unionists. This is **National Thrift Week**. Motto is "Save—It's the American Way to Success." Sponsor is the National Thrift Association, on which CUNA's **H. Vance Austin** serves as a director.

Profits ranging from an average of 10 percent to a high of 22 percent were reported in an American Banker article on banks which have pioneered in charge account banking.

For the month of July, the Federal Reserve Board reported the **largest monthly rise** in consumer instalment credit since September, 1955. One credit union statistic in the study showed that in the Board's seventh (Chicago) district, credit union loans were up 14 percent over a year previous.

Ford Motor Company has started a **car financing subsidiary** similar to General Motors' GMAC corporation; this in spite of Senate bills pending to prohibit such financing by auto makers (see Bridge, June 1959).

Canadian Packinghouse Worker, a union magazine, compares **rates of borrowing** and calls credit unions "the best answer to the loan companies." Typical rates cited by the magazine were 21¾ percent by finance companies, 13¾ percent on a department store budget charge, 15¼ percent on new cars and 25 percent on used cars.

When John Smith gets married, the credit bureau takes a fresh look at his record.

WHAT THE CREDIT BUREAU KNOWS



IN July 1948 John Smith of a medium-sized midwestern city married Florence Jones. It was a small wedding, getting only three paragraphs in the local newspaper. But the local credit bureau clipped a copy of the story, pasted it onto a 4x6 card, transferred the main information onto the card blanks and thereby set up a credit record for John and Florence Smith.

Eleven years later the Smiths' file was still current with the bureau. The record will continue to follow them from house to house, job to job, town to town and even five years beyond death or until the estate is cleared.

You get a picture of the Smith family from their credit record. In April 1949, nine months after marriage, a dairy asked for a credit report on them. Eleven months later they apparently changed dairies because a second dairy asked for a credit report.

In November 1950 a finance company asked for a report and learned the Smiths had paid the two dairies as agreed. So far the credit record was good. Also in November a hardware company ran a credit check on them.

There was another inquiry in 1953, two more in 1957 and the latest one in July 1958 from an oil company from whom the Smiths apparently

wanted to secure a credit card. The oil company apparently wanted a complete written report. On this it learned:

John Smith is now thirty-one years old, father of two children; his residence is 123 Shady Lane where he owns a home that he built in 1953;

The credit union movement has never formulated a clear policy on the use of credit bureaus.

Some believe the use of a credit bureau violates the confidential nature of the relationship between a credit union and a member. Others disagree.

The Bureau of Federal Credit Unions has recently clarified its own position on this matter. If a credit union, as a member of a credit bureau, is asked for information about a member, it can give general information about him without violating confidentiality, such as, "Yes, he is a member, he has a loan with us now, his payments are current." But specific amounts should not be mentioned, the Bureau says.

Smith has been in the credit bureau file since July 1948; he's a truck driver for a local concern, has been employed there since 1947, makes \$110 a week and has good prospects for permanent employment; three firms—a lumber yard, hardware store and finance company—report that he paid contracts with them as agreed with credit as high as \$379 and owes

them nothing at present; the record indicates that Smith is "very conservative in his use of credit with prompt pay habits"; there are no records of suits, judgments or collections started against Smith; he has a record of steady employment; he has a good reputation in his community and the investigator learned of nothing adverse.

So in eleven years eight merchants have checked John Smith in the credit bureau file. Smith himself probably never will know that there is such a file; he may not even know that his city has a credit bureau.

Credit bureaus don't rate a person's credit; a person has a credit record but not a credit rating. The merchant calling the bureau with an inquiry may take a brief report over the phone if the customer is in the store waiting to take goods home, he may ask for a full written report like the one on John Smith above or he may want still more information necessitating a field investigation.

For a simple telephone credit report the merchant will pay between sixty and eighty cents. This is a standard range among the approximate 2000 credit bureaus in the United States. Because credit bureaus are subject to the follies of the times, good or bad, they don't depend entirely on
(Continued on page 29)

Marcella Turton, Lurain, Ohio, says her supervisory committee rotates its jobs from month to month.

Carl M. Brandon, Sioux Falls, S.D., believes his credit union is much better since it had a defalcation.

Glenn Kasak, also of Sioux Falls, says a change in bookkeeping methods has helped.

Ned White, Cleveland, says monthly meetings with the board have been beneficial.



AUDITING THE SMALL

*should not take
the committee
too much time,
once it has
learned how to
handle the job*

SMALL credit unions show plenty of energy and resourcefulness in tackling the internal auditing problem, a Bridge survey indicates.

Taking any credit union with less than 200 members as small—and probably about half of all credit unions are in that class—a supervisory committee may find it needs no more than three or four hours a month to keep things under control.

The big problem, it appears, is getting the committee set up and oriented. This may take a little work. Treasurer and board should cooperate in every way possible to get the process started. After that, the rewards to the credit union are tremendous in terms of safety and stability.

Recently The Bridge visited twelve small credit unions in Ohio and South Dakota to find out how they were making out with their audits. Most were doing well. There's a variety in their practices, naturally. Some audit monthly, some quarterly, some only annually. Intermittent spot checks and detailed periodic examinations are both used.

One credit union visited had recently been suspended but was now back on its feet again. Another had

suffered a defalcation several years back, but is now doing well. All take the auditing obligation seriously.

Here are some of the useful auditing committee practices uncovered in the survey:

- Maintaining an up-to-date list with the name of each member.
- Making the monthly audit on a different day each month.
- Rotating the monthly auditing tasks among the committeemen.
- Eating dinner at the credit union's expense on the nights during which the committee audits the books.
- Making notes of all doubtful items found during the examination and discussing them later with the treasurer for clarification.
- Meeting frequently with the credit committee.
- Attending the monthly meetings of the board of directors.
- Determining whether all board resolutions have been put into effect.
- Announcing on bulletin boards, in company publications or through other media that passbook verification notices have been sent out.
- Printing detachable notification form at bottom of verification letter.
- Enclosing a prepaid return en-

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velope with each verification notice.

- Keeping master file of all passbooks examined during the year.

The step-by-step auditing procedure of federal credit unions interviewed varies little. This is not so true of the state chartered groups. But it's exceptional to find two groups whose auditing methods are alike in all respects. Usually there's a difference in frequency of examinations, thoroughness, committee interest, and member responsiveness.

Here are some of the points brought out in personal interviews.

Air Guard Federal Credit Union, Sioux Falls, South Dakota. (Organized: 1956. Membership on June 30, 1959: 210. Assets: \$71,293.)

"We make a complete audit every month," says flight chief Dean Axtell, Air Guard's supervisory committee chairman since January, 1958. "Our committee finds that monthly audits save a lot of time. They take a good deal less than a third of the time required for a quarterly audit. And they are also much less confusing."

Air Guard's monthly audits include: (1) checking all bank statements; (2) examining all checks for proper signature; (3) comparing all

deposits and withdrawals with the group's master journal; (4) checking all share and loan balances by taping them against the master journal (these also have to correspond with the bank statement and the amount put into the petty cash fund); (5) asking individual members to turn in their passbooks, (6) spot checking these passbooks; and (7) keeping a master file of all passbooks examined during the year.

Says chairman Axtell: "Whenever the member's passbook isn't immediately available, our committee sends him a reply post card. This notice requests the member to compare the passbook entries with the share and loan amounts listed on the card. And it urges him to report all discrepancies to me as chairman of the committee."

"When a member's loan is above the level of a signature loan, our committee examines the security to see whether it meets the statutory requirements. If we find the security to be inadequate, we ask the member to make an adjustment."

Holding frequent meetings with the credit committee and varying the dates of monthly examinations are

two important policies of Air Guard's supervisory committee.

Reports Dean Axtell: "Our supervisory committee tries to meet with our credit committee at least once every month. This helps the credit committee to be more aware of the need of posting adequate security."

"We try not to audit on the same day each month. To make this policy effective, we intentionally vary our examination days so that our treasurer never knows on which day we will ask for his books."

Sioux Falls Argus Leader Federal Credit Union, Sioux Falls, South Dakota. (Organized: 1956. Membership on June 30, 1959: 132. Assets: \$57,134.)

"We have very few people in our field of membership who know anything about bookkeeping," says treasurer Wally Lutz, a newspaper reporter. "That's why it's hard to fill vacancies on this committee. We find that it takes almost a year before a new committee member becomes really familiar with his duties."

Argus' supervisory committee conducts two types of quarterly audits. "Our committee makes passbook
(Continued on page 22)



The witnesses talk quietly,
with their eyes lowered.
They're frightened.

LOAN

The New York courts treat loan sharks kindly, as some recent cases show.

A LOAN shark has a good chance of going home free if he is brought to trial in a New York court.

Right now is the middle period of a series of trials of eight alleged sharks netted in a paper box factory in Brooklyn. They have been charged with preying on fellow employees at usurious rates of interest up to 1040 percent.

More than a year after proceedings began, and despite anxious efforts of the DA's office, one has been dismissed, one pleaded guilty and got off with a \$100 fine; and two have been convicted, receiving nominal sentences for misdemeanor. Four more trials are still to come.

The difficulties of New York's

rackets squads just begin when the presence of the "6 for 5" boys is detected in a plant. There is difficulty finding victims willing to testify; fear of reprisal enters the picture. But even more than fear, and in addition to the aggravated difficulties of evidence the prosecution in these cases has been confronted with a peculiar psychological block to convictions.

The victims apparently enjoy envied status in being heavy borrowers! There is something that may be called borrower's pride. For example:

One witness, a Negro, quiet and shabby, docilely told his story; docilely responded to the cross examination of a defense attorney, until it was suggested that wasn't it a fact

SHARK, GO HOME

that the loans were nothing more than a dollar or two for lunch? Whereupon, the quiet witness stiffened in the chair and snapped back angrily: "I don't borrow a dollar or two; I borrow like a hundred dollars." For a moment he was proud.

It would appear that, next to *owning* a hundred dollars, one is marked by distinction to *owe* it; to be followed by the wary eyes of the shark, solicitous for one's health, to have the shark's bodyguard bent on ruining said health in case of one false move, and to be an object of awe in the eyes of one's fellow workers who have never worked themselves up to anything higher than \$20 or \$50 loans.

Wives Go To DA

Unfortunately, borrower's pride crumbles when one goes home and the little woman begins to yak. The District Attorney's office is always chary about admitting where it gets its leads, but newspaper stories have suggested that wives incensed with husbands coming home, week after week, with pockets turned out and not even an alcoholic breath to show for it, went to Edward S. Silver, Kings County District Attorney, who turned loose his rackets squad and specialist, Harry Brodbar, Assistant DA.

Harry Brodbar bears quite a resemblance to J. Edgar Hoover. He is quiet, friendly and bull-dogging in tenacity. In June, 1958, complaints began to be processed, witnesses called in for questioning, and charges brought against eight active or past employees of the box manufacturing

firm for violating Sections 370 and 371 of the General Business Law, and Sections 340 and 357 of the Banking Law, having to do with usury.

The factory employs about four hundred persons. Like similar factories across the country, the work requires only simple skills; the men organized in a union are well-paid; most of them are Negroes or Puerto Ricans with limited education. Despite the claim of management that it makes a constant effort to concern itself with the welfare of the workers, the situation indicates that there has been a wide gap in communication between management and labor force; even with good intentions on both sides, they just don't dig each other.

Your reporter talked with the attorney representing the factory, who followed the trials. "Management does everything possible to help the workers," he claimed. "They didn't have to go to loan sharks! The firm maintains a loan fund for members in need. Now why would they go and pay usury?"

Harry Brodbar, who is constantly scrutinizing the seamy side of life, suggested that applying to management for a loan might seem to reflect on their reliability.

Anyway, here was a big pool of workers, semi-literate and drawing good pay, needed to expand into more expensive living. The accused sharks in the pool were white men; the alleged victims who appeared as the witnesses were Negroes. There is no estimating how many hundreds or

thousands of dollars the loan sharks swallowed during the years these and others are said to have operated in the plant. Two of the eight sharks are said to have left the plant at some time but returned periodically for a little more easy income. There was no evidence that they operated as a ring.

Memories Dimmed

The Court of Special Sessions is a notch above the magistrate's court in New York. It is presided over by three judges during trial. During most of the mornings, one judge presides, hearing a succession of pleas for adjournment. Many cases are postponed ten or more times, with the effect of dimming the memories of witnesses and clogging an overcrowded docket.

Part III is a dingy little room, suggesting a bath tub, through which all manner of petty crimes have been washed, with the inevitable rings of filth left behind. On an average well-packed morning, there is a familylike babble going on all over the room. The bailiff raises his voice now and then for order; he is respectfully disregarded. Clients whisper a little lower to their lawyers, who are nondescript and earnest, or sleek as fleas and proud as cats as they proceed through the rail to the bar to contribute their bit of oil to the wheels of justice. Someone in the crowd drops a revolver to the floor. Fortunately, it has a tag—an important precaution if you plan to bring a gun to court. The adjournments disposed

of the trials begin.

The first case of the loan sharks is won by the prosecution with deceptive ease. Nathan Schwartz stands before the bar. He is well-groomed, in a light blue suit, looks older than his 31 years, stoutish, and resembles somewhat the late Enrico Caruso. He is accused of usury at rates from 200 percent to 1040 percent.

At the far end of the table sits Harry Brodbar. Howard E. Legum, his associate, another assistant DA, stands, a long-faced young man in spectacles, alert and abrupt, holding papers. He doesn't have to pounce today. Meekly, Schwartz pleads guilty. Sentence: a fine of \$100.

If the prosecution hoped this would induce the others to cop pleas, they were in for disappointments. The trials continued, days and weeks apart.

The defendant, Juan Juarez, watches keenly as witnesses with eyes averted take the stand. He is a small man, 41, with sharp features, a cat's-whisker mustache and well-honed temperament. His rates are said to be 200 percent.

Wrapped in Sadness

The first witness, Samuel Jones, a Negro, is wrapped in sadness and speaks in a muffled voice. His clothes are as shabby as those of the defendant are neat and spruce. This becomes understandable as his testimony reveals that most of his pay envelope went to the sharks. He borrowed from other sharks to pay earlier sharks. They were waiting for him at every turn. When the time came that he had nothing left from his \$98 a week, he took a loan from a loan company for several hundred dollars; the defendant co-signed it, charging him \$25, he said. He had nothing left for lunches.

Jones, as he tells these things, appears to be in a sort of trance. He has a hard time remembering which weeks he paid instalments and which weeks he didn't. The defendant's lawyer, of course, in cross-examination, confuses him further. Loans from other sharks seem to merge and overlay a picture dimmed by time. Each of the three presiding judges asks questions. One, "Didn't you keep a record of all these proceedings," renders the semi-literate fellow open-mouthed.

(Continued on page 24)

FROM THE MANAGING

DIRECTOR:



CREDIT UNION THANKSGIVING DAY—15 October

THIS is a "Thanksgiving Day" for the Credit Union Movement. It was so planned that it be—and hundreds of thousands more people each year so observe it. They show this by greater use of their credit unions year by year—and by telling more millions of people about the advantages of credit unions.

This day—Credit Union Day—is also a day of renewal of our determination to keep the credit union movement growing to serve more people and to serve them better.

Our movement is called "humanitarian"—and it is that. But we must not become smug about the reputation; we must work constantly to deserve it. We deserve it only if we are doing our utmost to meet each and every member's needs for personal savings and for personal loans. And that includes not just a place to save and a place to borrow—but includes the education necessary that he can understand the credit union and how it can help him most.

Do the members use the credit union?

Are we educating our members to their fullest use of their credit unions? Do they know all the advantages? Are they aware of the actual money savings effected by borrowing there—or do they still fall for the "\$1.00 down and \$1.00 per week" talk of loan companies that actually charge interest rates several times that of the credit unions? Are they aware of the value of saving regularly in their credit union for that rainy day—or that sunny day when they will have enough saved to make the down payment on a new home?

Are they aware of the life insurance that goes automatically in most credit unions with either saving or borrowing?

Unfortunately there are credit union members who think of their credit unions only in case of emergency, but buy on time and borrow casually at many other places. And there are those who put a few dollars in their credit unions, but don't do any regular saving at all, even though they are well able.

The credit union must continue to work with these people so that they will see that the credit union is actually being operated for their benefit. We've got to do it by "education" and we're competing with some mighty skillfully directed advertising, expensively displayed in direct mail, newspapers and magazines, on the radio and TV.

Even though credit union members should know what is for their own good without having to be told, they don't always! And we must keep telling them—for their own good.

Credit unions— a responsibility

All people have a right to do things for themselves. Sometimes individuals can do much more for themselves by banding together. Governments are formed for that reason—so are credit unions. No one person can have his own, individual credit union. But a number of people cooperating together can have one—for the benefit of each individual in the group. And every individual in that group must take his share of the responsibility for the operation and expansion of his credit union! Credit union members gladly accept that responsibility!

Between them, treasurer Aubrey Kessler and president W. H. Highfill, Jr., have garnered practically every credit union honor in Virginia. It takes a strong wall to hold these and several more.

THINGS GOT BETTER AND BETTER

*when this credit union decided
to affiliate with the organized movement*



SIX years of slow growth, six years of rapid growth. What made the difference? Joining the League, taking out loan and share insurance and "getting an active education committee," says the treasurer Aubrey Kessler.

Until 1953 Roanoke VARO (Veterans Administration Regional Office) Federal Credit Union had a history of high dividends, non-league membership, a ceiling on shares, restrictive loan limits and neither share nor loan insurance. Except for one brief period of league membership, it had remained outside the organized movement, though league membership was a perennial debate topic at annual meetings.

On July 22, 1953, the VARO board voted to join the Virginia Credit Union League by the barest of margins, three votes for, two against. Also voted were applications for life savings and loan protection insurance with CUNA Mutual Insurance Society. Contracts were issued October 1, 1953.

With assets under \$50,000 in 1953, the credit union had been losing ground. The once huge VA office at Roanoke, which employed 1100 at the time the credit union was organized

in 1947, had been cut to less than half that. Conservatism was the credit union's rule on policies, and annual meeting attendance sometimes barely managed a quorum of twenty-five. Six percent dividends, maximum under federal charter, had been paid. Education centered on monthly advertisements in the employee newspaper, *Varolite*.

How rapidly during 1953 the credit union developed its new progressive trend is shown in these items taken from reports at annual meetings:

January 1954:

During the year (1953) a copy of credit union bylaws was given to every member.

Poster-a-Month service contracted for with CUNA Supply Cooperative.

Blanket bond secured with maximum of \$5,000.

Twelve-page printed booklet, "Know your VARO Credit Union," distributed to all members; printing costs \$55.

Two persons authorized to attend all chapter meetings with expenses up to \$2 guaranteed.

Members surveyed on choice of site of annual meeting.

Unsecured loan limit raised from \$200 to \$300.

Interest rate reduced to $\frac{3}{4}$ of 1 percent on all loans.

Regular hours established in credit union office.

$3\frac{1}{2}$ percent dividend approved.

January 1955:

Two delegates sent to league meeting in 1954.

Share limit raised from \$1500 to \$2500, later raised to \$5000.

Unsecured loan limit raised to \$400 with maximum repayment period of 30 months, secured loan limit raised to \$2000 with 36 month maximum repayment.

Later in year, total loan limit raised to \$3000 (\$2600 secured, \$400 unsecured).

Education committee issued seven bulletins, placed eleven news articles in *Varolite*, one news article in Roanoke daily paper, ads placed in every issue of *Varolite*, Poster-a-Month continued along with other bulletin board material.

Credit committee increased from three to five members.

Supervisory committee audited 85 percent of all passbooks.

4 percent dividend approved.

January 1956:

\$25 expense approved to buy books for credit union library.

\$50 voted to help promote International Credit Union Day.

Expenses approved for all officers to attend chapter meetings.

Float sponsored for Roanoke Valley Chapter in Christmas parade.

Three members received Founder's Club membership.

Chattel lien non-filing bond secured.

\$250 deductible insurance allowed on chauffeured cars.

4½ percent dividend approved.

Membership increased to 392, almost 100 growth in three years.

January 1957:

Share limit removed completely after tie vote on board broken by president.

New twelve-page booklet issued.

Loan limit raised to \$3600.

Seventy-five present at annual meeting.

4 percent dividend approved.

January 1958:

Expenses for entire board, plus one from each committee, approved for League meeting.

Education committee reported distribution of several leaflets stressing savings.

Credit union's tenth birthday celebrated on International Credit Union Day complete with three-tiered fifty-pound cake.

Financial picture changed during year from \$5000 note payable at first of 1957 to \$40,000 loaned to other credit unions at end of year.

Membership increased to 510.

120 members present at annual meeting.

January 1959:

Membership increased to 517.

4 percent dividend approved.

New policy voted into effect requiring person who leaves field of membership to draw shares down to \$1000 by February 1960.

There's still room for progress, of course. As federal examiner Kenneth George pointed out on September 26, 1958: "There is still a need for member education here. Of 517 members, 164 have less than \$10 in their share accounts and half of the members are not borrowing from the credit union." Earlier examinations by James R. McDuffie noted, however, that the credit union is "managed by

capable and enthusiastic officials" and, in 1957, that there is "evidence of superior capabilities."

League managing director Garland Keeling views VARO this way: "This credit union's trouble in the old days was its quest for the almighty high dividend rate. They weren't interested in service or league membership, just in good return. Now they have stabilized at about a 4 percent dividend, they offer all the services and you should see what they've done to the chapter and league."

An impressive list it is, too. Three VARO men—president W. H. Highfill Jr., treasurer Aubrey Kessler and director Halsey Dean — have filled almost every job on the chapter and league level. Naturally these three men wear Founders' Club pins. A fourth VARO officer, former president J. H. Frantz, also is a member of the Founders' Club.

The Roanoke Valley Chapter has received especial value from VARO's enthusiastic plunge into the credit union movement. President Highfill recognized the need for chapter participation shortly after the credit union joined the league and as Kessler puts it, "After Bill 'got connected', some of the rest of us got on the wagon with him."

In May 1955 VARO promoted the chapter's first management night, an open session for management in sponsoring agencies and industries, and furnished the VA regional office manager, H. Grady Moore, as speaker. In October 1955 the chapter staged an observance of Credit Union Day, led by VARO's Halsey Dean, that included proclamations by the mayors of Roanoke and Salem, presentation of three credit union books to public libraries in the two cities, newspaper and radio advertisements and a dinner—at which Highfill received a plaque for "contributing most to the credit union movement in Roanoke" during the year.

The 1956 league convention was hosted by the Roanoke chapter with VARO's Highfill as chairman and Dean co-chairman. Highfill was elected to the league board, and he also received the Burdeshaw award for outstanding volunteer service.

Credit Union Day in 1957 was another big affair, complete with proclamations from four mayors, advertisements on radio, TV and in newspapers, appearances by VARO's Dean

and Mrs. Betty Holt on two television shows, distribution of place mats and matches to Roanoke hotels and cafes, a "Brother's Keeper" blood donor program to the Red Cross, and a banquet at which Highfill received the chapter's Brother's Keeper award.

Most of the VARO officers come from the higher levels of the Veterans' Administration staff. Highfill is management analysis officer in the regional office, ranking third behind the office manager and assistant manager. Kessler is number four man. Frantz, a credit union director, is VA personnel officer, and Dean is assistant personnel officer. Other credit union directors are Thomas H. Patterson, VA loan service representative handling delinquent accounts on GI mortgage loans; Mrs. Ethel P. Spangler, secretary to Highfill and Kessler; and C. J. Necessary, section chief in the regional office education program.

There's a democratic relationship between management and employees at the regional office. Kessler, pointing, said, "See these office doors. They're always open. We are available to anybody in the building. When I'm out in the hall, I may stop and talk baseball. Bill, Jake and I are on the office bowling team. We all belong to the employees' club, which is social and athletic. We used to play on the softball team and we play in the golf tournament. Nearly every day at lunch, Jake or Bill or I may get in on one of the many card games going on in the office. We practice a democratic form of management here. There is no barrier between the grades. We have a local chapter of the National Federation of Federal Employees, and one of our messengers was president. The secretaries have their own organization, and they can go to management with their problems."

On the credit committee, however, management does not appear. The members have elected to the credit committee a clerk-typist GS grade 2, two employees grade 5, one grade 6, and only one at a staff grade, grade 9. Coincidentally, these credit committee members also are located strategically in the four-story building, at least one on each floor.

Loan applications are handled directly through credit committee members. A member goes to the committee member nearest him and gives

Though the credit union name refers to the Veterans Administration, VARO is open to many federal employees in Roanoke, including federal workers at the city's modern airport terminal building.

his information while the committeeman fills out the application. Miles Horne, chairman, said an application usually takes about ten minutes, "because whoever takes the application tries to get as much information as possible to pass on at our meeting," but some applications can take as much as a half hour. The committee meets every Wednesday and Friday for about thirty minutes and usually has three to five applications to consider.

Since all loan applications go to committee members and not to the office, which is open from 10 a.m. to 3 p.m. on Mondays, Wednesdays and Fridays, the committee has had a problem in furnishing privacy for interviews. After a recent suggestion by a member, the committee announced that any credit union member could call any member of the committee and make an appointment, even on a moment's notice, and ask for an interview in the credit union office. Chairman Horne says no member has requested this, but several have called and asked for a definite time to see him or some other committeeman at their desks.

In 1958 the credit committee granted 258 loans totaling \$146,669. Broken down by purpose, they were:

No. of loans	Amount	Purpose
20	\$ 5,217	furniture
35	16,054	home improvement
42	51,433	cars
21	3,466	taxes
14	4,034	education
30	12,875	consolidation

Delinquencies, which have never

(Continued on page 25)

Mrs. Betty Holt, part-time bookkeeper and full-time housewife, wants to carry her credit union service beyond the office window. She wants to wear a Founders' Club pin like several of her associates. Irvin L. Manning is the credit union collector and handles office duties when Mrs. Holt is away.



WHAT IS THE FUTURE OF THE CREDIT UNION MOVEMENT?

John E. Eidam, former president of CUNA, offers

his opinions in a provocative statement to the movement.

I foresee that the greatest growth in the credit union movement will ultimately lie in the area of its World Extension work.

Outside opposition to credit union expansion (NTEA as well as other pressure and interest groups) will tend to slow our domestic growth substantially.

One of the greatest challenges which will face the Credit Union National Association during the next few years is its ability to keep abreast and be able to service credit unions outside of the United States and Canada. In this respect I believe that (1) our missionary spirit, (2) less organized resistance, and (3) the urgent need of other people will direct the activities of the Credit Union National Association more and more into the international field.

"Frontier" people and "have-not" people are much more inclined to accept and use the credit union idea than are so-called sophisticated or "have-more" people.

I have the feeling that if we are given time before a world catastrophe confronts us, the credit union can be one of the greatest instruments in the promotion of world peace. Its character of avoiding charity and of not being for profit, but for service, makes it the type of organization which stresses the dignity of man. Credit unions band together through chapters, leagues, and the national association, but there is autonomy which is built into the organization permitting self-control. It is the type of organization which by its very nature, encourages cooperation. It tends to upgrade economically its membership. It has the attributes for which we are looking in building a united world.

One of the important needs in the

credit union movement is for a great leader to inspire support for world extension and the development of credit unions abroad.

We are in the process of consolidating our gains—in a way—and we are in a great muddle of bylaws, regulations and semantics. We need to cut through some of the fog and confusion and set out to do a straightforward job of (1) organization and (2) service.

Insofar as growth in the western



John E. Eidam was president of the Credit Union National Association from 1949 to 1951. A native of Nebraska, he is now president of the Omaha Bank for Cooperatives and general agent for the Farm Credit Banks of Omaha.

hemisphere is concerned, I think there should be a change in the definition of a common bond for organization purposes. There should be more liberality in granting charters for community credit unions. It seems to me that the honesty of the average man is a strong common bond. I further

believe that persons in a community of 5,000—as an example—are better acquainted with one another than are the employees of a large steel company, a large automobile manufacturing plant, or a similar large industry. Therefore, the community makes a sound and practical base for credit union organization and service. The greatest credit union potential in the United States and Canada is the community group.

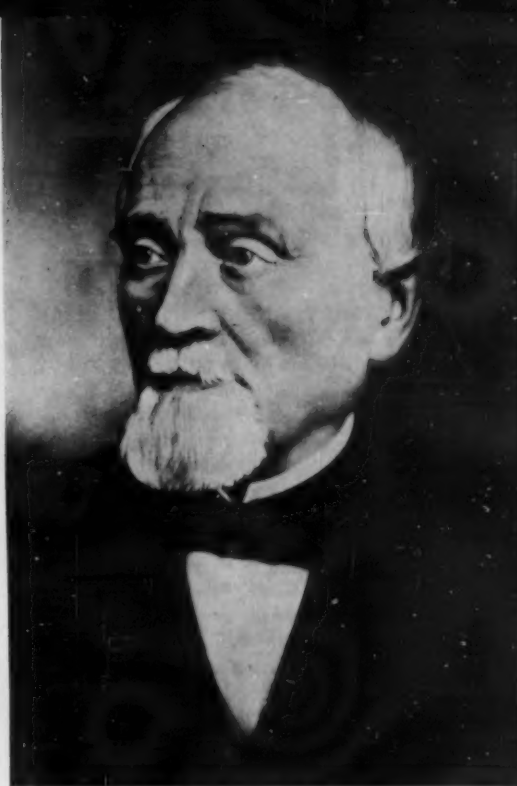
It is necessary for us to emphasize and increase our educational meetings and processes so that we develop leadership along all lines, including the lower echelons. We have to get over the "silver spoon" era. I define the silver spoon era as this: now whenever a credit union has a problem, too often it does nothing about it, but waits for the chapter, the league, or the national association to come along with a ready-made answer.

Credit unions must recognize that they have certain local responsibilities, and they must assume them.

The nourishment and the development of local leadership will provide younger, yet mature men who will furnish the sparkle and the enthusiasm and the leadership to replace the older and retiring men who have served with honor and distinction and should enjoy the pleasure of seeing a new generation assuming its rightful responsibilities.

The large output of energy required by responsible credit union work on the volunteer level limits the ability to handle this type of work to the period of greatest ability. After middle age the decreasing energy of even the most enthusiastic volunteer makes it difficult to continue to give of himself in equal measure to both his vocation and his avocation—the credit union.

NEVER FORGET



Herman Schulze-Delitzsch was born in 1808 and died in 1883. By the time of his death, there were 1910 credit unions organized in Germany on the principles he developed.

Overshadowed today by Raiffeisen, this heroic German was better known in his own time and fought valiantly against a despotic government.

THE name of Schulze is not impressive. If George Washington's name had been Schulze, it is doubtful whether he would ever have been called the father of his country.

Herman Schulze might have been called the father of the credit union movement if it had not been for his name and a few other things. The few other things include the fact that he organized credit unions for a vanishing class of people, the small businessmen and craftsmen. Also the fact that he did not, like Raiffeisen, express himself in language glowing with moral beauty. He was essentially a practical guy. He was also an outstanding political figure at a time when few others championed the cause of the little man but at the same time opposed both socialism and militarism.

He gave Raiffeisen the key idea that made Raiffeisen's credit unions work, as Raiffeisen freely acknowledged. He organized many more credit unions than Raiffeisen did. But

after the two men had died, the Raiffeisen credit unions continued to grow and flourish, while the "people's banks" organized by Schulze became steadily more commercial. Today, what is left of the Schulze-Delitzsch movement is a group of banks and a small group of credit societies serving postal and railroad employees in Germany.

Schulze added Delitzsch to his family name in his fortieth year, when he had just been elected for the first time to the Prussian parliament. There were so many Schulzes in the parliament that Herman decided he needed a little additional identification. From then on he was known as Herman Schulze-Delitzsch, and under that name he became one of the most famous Germans of his time. Under that name he was tried for treason and acquitted in 1850. Under that name he became identified with the idea of "self-help" as an alternative to charity or government aid. Under that name he organized or inspired, it is esti-

mated, 1910 credit unions, as well as other types of cooperative societies. When he died, ten thousand fellow-citizens followed his body to the grave.

Disunited Germany

Germany during most of the life of Herman Schulze-Delitzsch was not yet a country. What was called Germany was simply a group of small countries, most of which had been united at one time or another during the preceding thousand years, most of which shared the same language and traditions going back to the forest tribes of Julius Caesar's day. There was no industry to speak of in Germany when Schulze-Delitzsch was a youth. Two German states were strongest—Austria and Prussia—but for many years the growing desire to unite all the German states into one country was frustrated by the natural desire of numerous hereditary rulers to hang on to as much power as they could. The states were eventually joined together by force under Prus-

sian leadership, but Austria was not included.

During these years, Herman Schulze-Delitzsch was a spokesman for liberal ideals. He served for some years as a kind of country judge, and had both weighty responsibilities and a close view of the problems of the people. When the famines and riots of 1848 swept across Europe, when every German parliament was briefly overturned, Schulze-Delitzsch was organizing societies to provide burial benefits, to buy raw materials co-operatively, and to provide loans. His own home town, due to his welfare activities, was one of the few in Prussia that experienced no riots in 1847. As a member of parliament, he refused to vote tax measures to support the military machine.

In 1866, when he was 58, he saw the political leader, Otto von Bismarck, lead the Prussian army into a war against Austria, which finally established Prussian domination over the German states; but when the war started, the German states were still so divided that most of them supported Austria. In 1871, Schulze-Delitzsch saw Bismarck lead the Prussian war machine to a victory over the French; and the annexation of Alsace and Lorraine made Germany the largest nation in Europe. After 1871, industrialism came with a rush. Between 1871 and 1895, so great were the trials of the German people, between two and three million of them emigrated, mostly to the United States. After 1895, German life had been re-organized on an industrial pattern and emigration practically stopped.

Life-Death Contrasts

Schulze-Delitzsch lived to see the first social security law passed, under Bismarck's sponsorship in 1881. It was not at all the kind of thing Schulze-Delitzsch was interested in. He was born in a feudal world into which democratic ideas were seeping, and the greatest of these ideas, as far as he was concerned, was self-help. He died in a world of booming industry and rampant militarism, where most working people no longer could help themselves simply by taking out a provident loan. He was born in a world of headstrong little governments, and he died in a world of strong big governments. He was a good German, in the sense that he loved music and believed in German

unity, but he opposed government intervention and government domination all his life.

He was born in 1808, the first of ten children. His father was a country judge of the type called in Germany at that time *Patrimonial-Richter*. The responsibilities of such a judge included not only listening to civil and criminal cases, but also supervising the police, the village government, the church, the schools and the public roads. It was something like a city manager job combined with judicial duties.

The record indicates that young Herman was a cheerful, congenial fellow. He sang in glee clubs, he studied under liberal-minded clergymen, he had many friends, and when studying law he engaged in student duelling contests like all other extroverted young men. He studied at Leipzig and Halle.

City Ruler at 27

He passed his first law examination in 1830 and his second examination in 1833. This made him something that may be called an "apprentice judge," and qualified him to step into his father's shoes in 1835, when his father was temporarily disabled. It is an interesting aspect of government in Germany in those days that a father who was responsible for administering the law and government for a town like Delitzsch could, when ill, turn over the responsibility to his 27-year-old son.

Young Herman stepped into the job and apparently performed satisfactorily for two years. When his father had recovered, the young man returned to his studies and passed more examinations, being appointed a junior judge of the provincial court of appeals in 1838. Then another relative, Judge Hildebrandt, was disabled and asked Herman to fill in for him. When Judge Hildebrandt died a year later, Herman became a judge like his father in a neighboring circuit and filled the position for eight years.

It is believed that he learned most of what he later knew about the problems of simple tradesmen and craftsmen as a result of this service. He was also able to travel a good deal during this period, and saw in action a variety of cooperative associations and banking systems—in England, Scotland, France, the Low Countries and the Scandinavian countries. Dur-

ing this period too, from 1840 to 1848, democratic ideas were becoming popular. One sign of this was that workingmen were invited to sing in the choruses formerly made up of professional people.

In 1846 there was a crop failure, the beginning of trouble. Schulze-Delitzsch, with other well-to-do members of his singing society, formed a committee to help the suffering. A mill and a bakery were rented; grain was bought; bread was baked and given to the destitute. All over Prussia the following spring there were riots, robberies and demonstrations, but not in Delitzsch. In 1848 he helped organize a friendly society on the British style, which would pay sickness and death benefits to its members. In 1849 he organized a society to buy raw materials wholesale for carpenters and shoemakers. In 1850 he organized his first loan society, which was badly set up and proved unsound.

Meanwhile he was a judge and a member of parliament. His judicial and political career began to run into rough going. He was elected a member of the Prussian parliament in the spring of 1848. When parliament convened, he was named chairman of a committee to review the petitions for relief of 1600 workingmen's associations and other groups. It is assumed that he found this educational. He quickly got additional education, not merely in the problems of the poor but in the capriciousness of a despotic government. The debates and acts of the new parliament displeased the king, and Schulze-Delitzsch saw the parliament dispersed by armed force and the building closed. In January 1849 his position as judge was abolished by royal edict. He was out of a job.

Speech Wins Acquittal

Nevertheless in February he ran again for parliament, and was re-elected. Again parliament displeased the king, this time by refusing to vote for certain tax measures. Now Schulze-Delitzsch, for his outspokenness, and forty-one others were accused of treason. Tried individually, the Schulze-Delitzsch case came up first and he made such a stirring speech in his own defense that he was acquitted and given credit for the fact that all but one other of the defendants were acquitted too.

For a year and a half, however,

he was unemployed. Finally in the fall of 1850 he was appointed judge of a Polish village called Wreschen, a remote and wretched assignment obviously meant to be punitive. One of his first achievements was to dispose of a case which had been in litigation since the 18th century. During this period, also, he was married and his first son was born. But his luck was still running thin; when he asked for permission to travel during a recess, he was first refused, then permitted on condition that he stay away from his native town of Delitzsch. He went to Delitzsch anyway and received an ovation from the people, to whom he was now an authentic hero. The government, hearing of this, docked him a month's pay, and he quit in disgust. He never again sat on the bench.

While he was in Delitzsch on the trip that proved so expensive to him, he found that his loan society was doing badly. It had been set up in the same mistaken way that so many others have been set up, before and since—with a group of needy members who wanted to borrow and a group of well-to-do members who were supposed to provide the capital. Raiffeisen was making exactly the same mistake at exactly the same time in Flammersfeld. Schulze-Delitzsch found that his wealthy members had lost interest, leaving only the borrowers, and from that time on resolved that the only way to set up a loan society was by bringing together borrowers in a self-help program. Charity would not work.

"Away with the complaisant and charitable lender," he wrote. "Away with the loan that has the appearance of a gift, and which does not obligate the borrower to the acknowledgement of his debt and bind him to its prompt and positive repayment . . .

"Moreover, have nothing to do with the man who would procure you easy credit, a credit more easy than that open to other producers. That man would offer to you a deadly gift . . .

"Your own selves and characters must create your credit . . . What you need is fair credit on terms equal to those accorded to any other good industrial enterprise . . .

"Without doubt it will take you longer to reach your aim through yourselves and cooperative association than it would by resorting to gov-

ernment banks and charity . . . Nevertheless, this credit, which you do not obtain from another as a bounty or alms, is in reality the credit which you create by elevating yourselves. Results may be slower, but they will be more sure, deep and lasting."

Self-help, self-help, became Schulze-Delitzsch's battlecry. The credit union principles he worked out in 1850 he changed very little during the remaining 33 years of his life. In 1864, when he was a recognized cooperative expert, Raiffeisen was still struggling with his groups of peasants in west Germany, and wrote to him for advice. Schulze-Delitzsch advised him to stop trying to create a charitable loan society, and make it businesslike. This was hard for Raiffeisen to take, because to Raiffeisen Christian charity was the greatest of virtues. Nevertheless, he saw the point at last, and his achievements were all built on this exchange of views.

"I was loathe to give up the idea that cooperative societies should be based on charity," Raiffeisen wrote to a friend years later, "without thought of self or pelf. I maintained my original idea to the well-known organizer, Mr. Schulze-Delitzsch, an efficient worker in economics, but experience compels me frankly to admit that such societies must consist only of the persons who personally need their help and thus have an interest in keeping them going.

"With the object of preventing a repetition of the unfortunate experiences at Flammersfeld, I have resolved to allow the society here at Heddesdorf to be dissolved and then to organize another society at an early date upon the new principles mentioned above. Already I have made most satisfactory progress, practically upon the model of the Schulze-Delitzsch associations."

The "well-known organizer," Raiffeisen called him, and by 1864 he was all of that. In 1859, there were 183 associations organized by Schulze-Delitzsch or on his principles, and that year they held their first convention. A general federation was formed, and Schulze-Delitzsch was elected agent and counselor on a salary equal to 2 percent of the "net profits" of the affiliated societies. The income was actually very low, much lower than he had been making in law practice,

but he took it and stayed on the job from 1860 to 1883.

He was still a member of the chamber of deputies. He continued to denounce the militaristic tendencies of the government, so that the Prussian king is reported to have said, "We shall see in the end who shall triumph, Mr. Schulze or myself." At this time began also Schulze-Delitzsch's running battle with the socialist leader, Ferdinand Lassalle. Between the reactionary government and the radical socialist, deals were occasionally possible, because both believed in a strong central power; but Schulze-Delitzsch could deal with neither of them and was detested by both of them, because he believed in freedom for the people to solve their own problems. Toward the end of Schulze-Delitzsch's life, the government became more militaristic and more socialistic, with many little premonitions of what would become the monstrous political philosophy of Adolph Hitler. The man from Delitzsch never acquiesced in any of it. As a result he was never awarded any recognition of any sort. When Bismarck's government decided to write a cooperative law, Schulze-Delitzsch was excluded from the committee that wrote it, although he was the only man in parliament who knew anything about cooperation. When cooperatives were set up under strong government domination, he at least had the grim satisfaction of seeing that they invariably failed.

The credit unions or people's banks that Schulze-Delitzsch organized were different in many ways from modern credit unions. They were designed to provide credit for producers, which meant carpenters, hatters, shoemakers and all the other small entrepreneurs who created most of the manufactured goods of that time. Most of these people today are now on the payrolls of factories and office forces; Schulze-Delitzsch's social milieu has disappeared. He believed in setting up large groups, spread over a wide area, with a mixed membership; and this looseness of the common bond probably was one factor leading to later commercialization.

Yet in his lifetime, his keen practical judgment and his energetic speaking and writing campaigns in behalf of credit unions, made him as great a champion as the movement has ever had.

SLOWER GROWTH

Shown by report of Bureau

1958 was not a good year for federal credit unions. Growth in membership, loans and savings continued, but at a rate reduced by adverse economic conditions.

On the other hand, membership passed the 5,000,000 level, and assets rose above \$2 billion.

The facts are spelled out in the report of the Bureau of Federal Credit Unions for 1958, just released. This exhaustive and meticulous report on federal credit unions is one of the most accurate and comprehensive statistical reports prepared by the U. S. government for any field. Among credit union officers, it is usually assumed that you can multiply the federal figures by two and get an approximately correct picture of federal and state-chartered groups as a whole.

In number, federal credit unions increased by 331, or 3.6 percent.

There were 586 charters issued, but cancellations, liquidations and inoperative credit unions reduced the gain. The gain for the year compared unfavorably with a gain of 468 recorded in 1957.

In number of members, there was a gain for 1958 of 312,223 or 6.4 percent. This compares with a gain of 395,479 or 8.8 percent in 1957.

Shares increased \$222,800,000, or 14 percent, compared with an almost identical amount, \$222,900,000, in 1957. The average share account rose from \$324 to \$348.

Loans outstanding and loans made during the year both increased over 1957, by percentages of 9.7 and 7.3. The totals were \$1,379,000,000 in loans outstanding on December 31 and \$2,022,000,000 in loans made. The average loan rose from \$516 in 1957 to \$535 in 1958.

The number of credit unions that

paid dividends in 1958 rose somewhat more than the total of federal credit unions: 7,307 paid dividends in 1957, 7,712 in 1958. The size of dividends also rose slightly: the median was 4.395 percent. There was an increase, too, in the percentage that paid interest refunds: 1,156 did this, and the usual rate was 10 percent.

Declining demand for loans during the year and an increase in delinquencies resulted from lay-offs and shorter working weeks for many members. Delinquent loans, which had been 4.5 percent of all loans in 1957, rose to 5.1 percent in 1958. This led to setting up somewhat more than usual reserves; the increase was 23 percent. It also led to a decline in the use of borrowed money—nearly \$4,000,000 less than a year ago.

Another result of the recession was an increase in investments. As loans rose slowly and savings rose faster, surplus money was available, and there was a marked trend toward investing in savings and loan associations, accompanied by a trend away from government bonds and loans to other credit unions.

What about it?



Fire Losses

What coverage is provided under the 576 blanket bond against loss by fire?

ANSWER:

The "fire" coverage afforded by the 576 blanket bond is limited to property as defined in the bond and while such property is within the premises as defined in the bond. The bond defines property as money and securities. The 576 blanket bond does not provide fire coverage for the credit union's furniture, equipment or fixtures.

A credit union wishing to cover its furniture, fixtures and equipment against loss or damage by fire should obtain a fire insurance policy.

Impersonation

A non-member impersonated a legitimate member in our credit union and made a withdrawal in the member's name. We issued a check payable to the member. The impersonator took

the check and cashed it elsewhere.

During the following week the legitimate member came to our office and we discovered the illegal withdrawal. Is the loss covered under our 576 blanket bond?

ANSWER:

In the event that the credit union would have to replace the lost funds, its loss would be covered under the forgery clause "E" of the 576 blanket bond.

Director Coverage

During a recent meeting of our board the question of coverage under our 576 blanket bond came up. We understand that the officers are covered. But what about the other directors?

ANSWER:

These persons are covered under the 576 blanket bond: Employees defined as—officers, clerks, collectors, messengers, persons in similar posi-

tions, members of the credit committee, supervisory committee and similar committees of the credit union; all other persons in the immediate employ of the credit union; and directors of the credit union while performing acts falling within the scope of the usual duties of any of the previously cited categories.

Losses resulting from the acts of any director are only covered if they are the result of performing acts which fall within the scope of the usual duties of an employee.

Court Costs

Does the 576 blanket bond include coverage for court costs incurred by the credit union in defending a suit in connection with a loss under the bond?

ANSWER:

Coverage "F" of the 576 blanket bond provides this protection. It is

intended for situations which might arise when it becomes necessary to await the outcome of litigation between the credit union and a third party before it is possible to determine definitely whether or not a loss under the bond has occurred.

Example: A member alleges that payments were not properly credited to his account because of employee fraud and dishonesty. But the credit union disputes this claim. The member may resent this reaction and bring suit against the credit union. The credit union's cost for defending itself against such a suit comes under the terms of "Coverage F," if the loss is one which is covered under the terms of the bond.

Forging Co-Maker Signature

Our credit union has a promissory note with a co-maker signature. But the co-maker maintains that his signature is a forgery. This came to light following an unsuccessful attempt to obtain payment from the maker or borrower.

We understand that our 576 blanket bond provides coverage for direct loss due to forgery of instruments. Are we entitled to file a claim under the bond?

ANSWER:

If the forgery occurred after your 576 blanket bond became effective, there would be a valid claim under the bond provided that (a) your credit union has taken all reasonable steps to obtain payment from the maker or borrower, and (b) the co-maker's signature is found to be a forgery.

Cartoons, Proverbs Special Features of 1960 CUNA Calendars

Take a lovable cartoon character, let him utter humorous but significant credit union sayings, and you have the theme of two new special CUNA calendars for 1960. The calendars are intended for credit union presentation to members.

Each month, in both the 9 x 12" memo wall calendar and the small easel-type desk calendar, features a cartoon tying in seasonal interest with the advantages of active credit union membership. A sample outline (January): "He who favoreth his credit union skateth not on thin ice." Both calendars are printed in two colors.

CUNA's Advertising and Promotion Service is producing the calendars, using copyrighted illustrations prepared by noted artist Web Allison. Complete details coming soon.



CONGRESS APPROVES CREDIT UNION BILL

As this issue went to press, President Eisenhower was expected to sign into law at any moment HR 8305, the credit union bill which won Congressional approval without a dissenting vote during the dying days of this year's session.

Moving swiftly as Congress rushed to adjourn, HR 8305, which contains the widest sweeping and most significant changes in the Federal Credit Union Act since it was enacted in 1934, was passed by the Senate on September 9 and passed the next day by the House.

Among the many important changes in the bill are provisions increasing the maximum unsecured loan limit from \$400 to \$750 and increasing the maximum loan maturity from three to five years.

WORLDWIDE CONTESTS FOR CREDIT UNION DAY

All credit unions, chapters and leagues are eligible to enter worldwide contests to find the credit union, chapter and league which achieve the "most significant observance" of this year's International Credit Union Day.

The purpose behind the contests is to stimulate the creation of new ideas that will help all credit unions chapters and leagues plan more meaningful and more valuable Credit Union Day observances in the future.

The worldwide contest for individual credit unions is the first of its kind to be held on the credit union level since Credit Union Day was established in 1948. This year's contest for chapters and leagues will supplant the chapter and league publicity contests held in previous years.

No Cash Awards

Winners of the three separate contests—one for credit unions, one for chapters and one for leagues—will not receive any cash awards or valuable prizes, but, in line with credit union philosophy, they will win the recognition of the credit union movement and the opportunity to share their contest-winning ideas with all other credit unions, chapters and leagues.

Instead of awarding prizes, CUNA will reproduce the full details of the

winning entries and send copies of the credit union winner to all credit unions, the chapter winner to all chapters, and the league winner to all leagues, so that everyone will be able to benefit from the ideas planned and carried out by the winning organizations.

The deadline for entering the contests is December 15. Entry blanks have been mailed to all credit unions, chapters and leagues; they can also be found in the Credit Union Day Kit which is still available without charge from CUNA's Public Relations Department.

The three contest winners will be announced at CUNA's February quarterly meetings in Madison. Plaques will be presented to each of the winners during CUNA's annual meeting in May in Madison. Special certificates of honorary mention will be given to the 10 credit unions chosen as runners up in the credit union contest.

On Lasting Value

All entries will be judged on the over-all significance and lasting value which the Credit Union Day observance is expected to bring to the credit union, chapter or league within its own area. Competent judges will be named by CUNA.

AUDITING

(Continued from page 9)

audits on a rotating basis," reports treasurer Lutz. "They are done in two ways. We send reply post cards for verification to about 20 percent of our members every three months. This is in the nature of a spot check. In addition, the committee calls in each quarter one-fourth of the passbooks for actual checking."

Quarterly post card verifications at Argus usually take the committee about three days of part-time work. The actual examination of the passbooks takes additional time. "But our supervisory committee is glad to put in this extra work," says Wally Lutz. "The committeemen find that the close passbook audit gives them a valuable contact with the membership which is good both for publicity and public relations."

"We have a monthly employee newspaper, *The Gay Blade*. Whenever we send out verification cards or have a direct passbook audit, we make an announcement in *The Gay Blade*. This advises all members about the audit in progress. And it also reminds them that those who receive the committee's cards should check their passbooks at once."

Call & Post Employees Credit Union, Cleveland, Ohio. (Organized: 1953. Membership on June 30, 1959: 65. Assets: \$15,000.) "Our auditing committee makes monthly spot checks," says treasurer Ann Adams. "These spot checks include (a) examining the treasurer's financial statement, (b) running an independent tape on both shares and loans, and (c) determining whether the members are meeting their payment contracts or are delinquent."

If the committee finds that a member is not meeting his agreement, it brings his name to the attention of the credit committee. "This practice enables the credit committee to do a better job in counseling our borrowing members," says treasurer Adams. "It also helps the credit committee to learn from its mistakes. And it gives them additional information in case the delinquent member later needs another loan."

Call's auditing committee makes a complete audit every three months. At the end of this audit it prepares and

distributes individual quarterly statements, listing each member's shares and loans. "During 1958 our credit union was suspended for three months by the Ohio Division of Securities," reports Ann Adams. "This action came about because our auditing committee had not been functioning properly and our books were not up to date. But this suspension was lifted on October 1, 1958. We now have an auditing committee which is fully conscious of its responsibilities."

Electric Products Employees Credit Union, Cleveland, Ohio. (Organized: 1952. Membership on June 30, 1959: 189. Assets: \$82,000.) This group makes a partial audit monthly and makes a complete audit every three months.

During the monthly audit, the committee checks all cash transactions, deposits, loans and share withdrawals, and verifies all ledger entries. And it determines each month whether all board resolutions have been put into effect.

The complete quarterly audit consists of the regular monthly procedure plus (1) a detailed check of all delinquent loans which have been brought to the attention of the board of directors, (2) taping of all individual ledgers against the journal, and (3) examination of collateral.

The monthly audit requires approximately 2½ to 3 hours. The quarterly audit usually takes the committee between 4½ and 5 hours.

Says treasurer Harold F. Timlin, a switchboard assembler: "We make a passbook verification every two years. Our committee passes the verification notices directly to all members in the shop or mails them to those members who are not working. The members respond exceedingly well to the committee's request to return the notices to the chairman. The last verification brought returns from 97 percent of the membership."

"The committee maintains a list with the names of all members. It uses this list to check off the members' names as they return the verification notices. It places marks by the names of those members to whom notices were mailed instead of delivered."

H of MSD Federal Credit Union, Mitchell, South Dakota. (Organized: 1954. Membership on June

30, 1959: 137. Assets: \$55,058.)

The supervisory committee of this meat processing group makes thorough spot checks. It pays particular attention to the disposition of cash amounts, tracing funds from the bank balance to the cash journal.

Treasurer Thomas Wilson reports that checking the share balance tape and the loan balance tape against the entries on both the member's ledger and on the general ledger are routine functions of H of MSD's committee.

Says Tom Wilson: "Our group uses quarterly statements which are carbon copies of the member's individual ledger. The committee folds, stuffs and mails these statements to the members immediately following the quarterly audit. A note on the statement requests the member to contact the chairman of our supervisory committee in the event of a discrepancy."

Sioux Falls Manchester Federal Credit Union, Sioux Falls, South Dakota. (Organized: 1941. Membership on June 30, 1959: 197. Assets: \$52,924.)

"We send passbook verification notices once a year to all members," reports president Carl M. Brandon. "These are mailed out in quarterly installments. By the end of the year every member's share account has been verified. We enclose a prepaid return envelope with each notice. And although we ask the members to contact the supervisory committee chairman only in the event of a discrepancy, most of our members send their verification notices back to our committee even if their passbook figures are in full agreement with the amounts listed on the verification notice."

"The reason for our members' outstanding co-operation in passbook verification is a defalcation which we had some years ago. At that time we had to scale down our shares to 84 cents on the dollar. Now our entire membership is fully aware of the importance of the passbook verification and eagerly responds to all notices of the supervisory committee."

"To encourage our supervisory committee in its long hours of work, we pay for the dinner of the committee members on the nights during which they audit our books. This is not in the nature of compensation, but a means of recognizing the impor-

tance of the committee's functions. It's our way of saying 'thank you' to the committeemen."

• **Marquette Federal Credit Union**, Sioux Falls, South Dakota. (Organized: 1955. Membership on June 30, 1959: 164. Assets: \$26,750.)

"Our committee checks the method of dividend calculation, determines whether the books are in balance and examines the general ledger," says treasurer Robert L. Schmitz. This is done quarterly.

Marquette makes annual passbook verifications, using reply post cards. All members are asked to return the answer portion, whether or not there is an error in the share or loan balance. Returns on the verification cards usually vary between 70 and 75 percent.

• **Sioux Falls Milwaukee Employees Federal Credit Union**, Sioux Falls, South Dakota. (Organized: 1940. Membership on June 30, 1959: 202. Assets: \$95,052.)

Milwaukee's supervisory committee meets quarterly. It checks at least one month's complete business. And it examines all loan applications thoroughly.

Says treasurer Glenn Kasak: "The chairman of our supervisory committee is a traveling auditor for the railroad. The second man is a retired cashier. And the third committee member is a telegraph operator. All three have served at least four to five years.

"Early in 1958 our supervisory committee recommended that we change our bookkeeping methods from daily summary sheets to CUNAPOST. We adopted this change, and it has saved us a great deal of time."

Milwaukee makes complete passbook verification audits at least once every two years. Its method consists of sending a mimeographed letter to each member, listing his share and loan balances as well as his share account number. In this letter the committee asks the member to notify the committee chairman of any error in his statement. To make it easier for the member to report a discrepancy, Milwaukee prints a detachable notification form at the bottom of the verification letter. The supervisory committee fills in all of the data for this verification letter, and also seals and mails them.

• **Nelson Stud Welding Employees Credit Union**, Lorain, Ohio. (Organized: 1952. Membership on June 30, 1959: 198. Assets: \$48,473.)

Nelson's three-member audit committee conducts a monthly audit after the treasurer closes the books. The committee tries to complete its audit by the 10th of each month.

"Our committee checks all details of the vouchers, tapes and books," says Marcella Turton, the group's treasurer. "It also calculates the treasurer's interest charges and refigures all dividends before they are posted."

Every three months the audit committee prepares and distributes to all members a dittoed sheet on which the committee has entered the member's share and loan balance. A notice on this sheet requests the member to check the balances against his own records and to notify the committee immediately if there should be an error.

Comments treasurer Turton: "Our committee rotates the monthly auditing tasks. One month one committee member examines all share and loan balances. The next month he may check all bank statements against the check stubs in the check book. And during the third month he would follow through all journal entries, loan applications and loan notes."

The time required for the committee's monthly work usually does not exceed one and one-half hours per person. But during the months in which the quarterly statements are prepared, the committee's three members each spend a total of three hours on the work.

• **Perry Fay Employees Credit Union**, Elyria, Ohio. (Organized: 1953. Membership on June 30, 1959: 164. Assets: \$52,975.)

"Our auditing committee makes a complete audit each month," says treasurer Edward P. Knipper, a machinist. "The committee's chairman carries a key to our office. This enables the committee to have constant access to all credit union records."

• **Title Examiners Credit Union**, Cleveland, Ohio. (Organized: 1936. Membership on June 30, 1959: 132. Assets: \$58,000.) "Our auditing committee conducts three types of

examinations," treasurer Frank Ralston points out.

"Each month the committee spot checks the bank statements, receipts, disbursements and individual balances on the ledger accounts.

"Every three months the committee makes a detailed check of each of these items and also discusses all delinquent accounts with the treasurer.

"Every six months the committee conducts a complete examination. This includes a detailed check of all notes and chattel mortgages as well as a comparison of actual funds in the bank with the book cash balance."

The monthly spot checks take about two hours. The quarterly and semi-annual examinations involve at least two evenings and one afternoon, or an approximate total of five to six hours.

Here is how Title's committee divides the work among its three members: One goes over the checks, bank statements and check book and ascertains whether they balance. The other two members at the same time examine the journal entries and check them against the individual postings and receipts.

Title's committeemen make written notes whenever they find something doubtful during the course of their examinations. At the conclusion of their audit they request the treasurer to clarify each of these items.

• **WHITJAX Employees Credit Union**, Cleveland, Ohio. (Organized: 1956. Membership on June 30, 1959: 58. Assets: \$9,554.)

The auditing committee of this group spends between 1½ to 2 hours each month on spot checks of (a) cash, (b) loans, (c) ledgers, and (d) bank statements.

Reports WHITJAX treasurer Ned P. White: "Our entire auditing committee attends the monthly meetings of the board of directors. This practice helps the committee to be always fully informed about all board plans and actions. And the board, too, benefits from this practice because it can draw at will upon the knowledge and experience of the committeemen."

Adequate, thorough, comprehensive auditing is essential for the safety and liquidity of any credit union, small or large. But small credit unions are sometimes more vulnerable because their bookkeeping is handled by volunteers who sandwich their

credit union work in between other duties. Such part-time bookkeeping increases the chances for error, and increases the need for meticulous auditing procedures. Fortunately, the auditing job, once it is understood by the committee, can be done quickly and thoroughly.

LOAN SHARK

(Continued from page 12)

And it was obvious now, as all through the trials—the witnesses were scared. Some days later, your reporter talked with Brodbar during an intermission. Brodbar was careful to sit between his witness for that day and the particular defendant. "Otherwise," he said, "my witnesses get a sign like this" (drawing a hand across the throat) "or some other gesture that will discourage them."

On the stand, Juarez evenly, smoothly, gives a picture of himself as a gullible co-worker who loaned money here and there as a good fellow and in return was done out of it. Legum asks if he has been convicted of any crime. No. How about bookmaking on horses? Oh. He twists his fingers. Yes, he remembers that.

It is interesting to speculate what would have been the verdict if the case had gone before a jury. The three judges while admitting an unusual informality to the trial and occasionally prodding it forward, play the game by iron-clad rules, admitting none of the sentimentality by which juries often circumvent legalism. As the presiding judge says, after a short conference: "... This is a court of law, not bound by the heart... With great reluctance..." The gist: not proved.

The third case opens up several unexpected loopholes which the remaining four defendants can be expected to exploit. Roberto Comerio, 31, stocky, personable, with a handkerchief neatly tucked in his upper pocket, is no longer with the factory. He is now a salesman. On the stand, he surprises everyone by readily admitting he had made one transaction at usurious rates, but...

Ernest Kuntzler, his lawyer, a small studious looking young man in glasses, calls attention of the court, to the wording of the two laws under which his client is brought up on charges:

Under the General Business Law, Sections 370 and 371, no penalty for violation is specifically set forth (for which reason the prosecution is forced to fall back and ask sentence under Section 29 of the Penal Law which classifies any violation for which no penalty is specifically prescribed as a misdemeanor). Under the Banking Law, Sections 340 and 357, there are severe penalties for taking more than the legal rate of interest; but those sections apply to a person engaged in the "business" of making loans and one transaction, with which his client is charged, does not constitute a business.

One of the judges, after the trial, calls up the "young man" to congratulate him on this exquisite chess move. Comerio, weeks later, on June 15, is given a suspended sentence of 30 days.

The remaining cases could easily drag until Christmas, a year after the trials began, and about two-and-a-half years after the alleged transactions took place. The odds are about fifty-fifty for conviction, with the likelihood of a rotation of judges demanding of befuddled witnesses: "Don't you keep a record of such transactions?"

New law urged

Whatever additional lessons may be learned from the trials, Edward S. Silver, the DA of King's County, has urged the present legislature to pass a law which would provide that wherever usury is coupled with coercion, it would constitute a felony.

What prompts the victim to take that first and fatal loan? Your reporter called on Oliver Norris, who told the court proudly he borrows "like a hundred dollars."

Norris lives in a typical big city slum, a once-pleasant neighborhood that is now grimy and sagging. A home which once had a Georgian entrance, is now divided into two. Palings are missing from a stairway. There is a smell of urine in the hall. But in Norris' two-room apartment on the top floor, linoleum floors are waxed to a gleam. There is a religious calendar on the wall, everything is neat as a pin. He said that he boards with a woman who has a 10-year-old son. For privacy and fresh air, we went out and sat on the front steps. In the cool twilight, Norris told his story.

He had worked with the firm for 17 years, is now a rigger, operating a crane, "allers drawing good pay," now close to \$5,000 a year. Little more than five years ago he had about \$3,000 saved. His much younger wife went South, to look after her father, in a hospital, "she being the oldest in the family, which was no more than right." This proved to be expensive, Norris sending her \$50 to \$75 a week. He looked after their three boys, now grown.

Operations cost money

After ten months she returned, and about this time had two operations, one for more than \$200 and the other more than \$300. Then one of the sons had an operation. Savings depleted, Norris went to the personnel manager to get a loan. He was unhappy at the grudging way \$50 was loaned him. "They expected me to pay it back before I got another loan." But events were moving fast. His wife, he said, wanted to know where the money had gone. "That woman was just plain stupid!" he burst out with unexpected vehemence. All about him were the sharks pushing the stuff at him, displaying a much friendlier interest in his problems than the personnel manager. About 25 out of 400 of the workers were in hock to the "shylocks" so why not? Norris decided to be regular, and, perhaps in keeping with his standards, on a big scale. He borrowed a hundred dollars, with a promise to repay \$20 a week for six weeks.

Then came "domestic trouble." "We prayed and I suggested we go to the minister about it." But apparently, it didn't seem right to go to a minister about such an unspiritual problem as money. His wife began going out in the evenings, he said. There came a day when he missed a payment, or a second, and the shark promised there would be a goon at the plant gate to give him a beating or "look after him" when he left. So he went to a second shark, and the menace was compounded. "I could hardly work." They badgered him as he operated his machine, lifting heavy machinery. He was dreadfully afraid of an accident. He went again to the personnel manager, who promised to give him checks to repay the sharks. All Norris had to do was supply the names. He was too regular to do that.

He had never heard of a credit

union. The day came when he had no way to turn, no money for food. At home, it was a tossup whether he or his wife would "walk out" first. Norris walked. "Then I was ready to step in front of a car."

The reporter didn't ask whether he or the DA's office had made the first approach. It was an ordeal to testify. "Afore God, I didn't want to cause anybody trouble!"

The atmosphere in the plant is quiet now. The sharks don't approach him directly but he has heard from third parties that "interest is accumulating." The reporter assured him that he has no legal obligation whatever, and that if he hears the whisper of a threat, he should go to Brodbar. He nods bitterly, thinking of something else. "All those other fellows who wouldn't testify, they were free loaders on us. They now ready to buy new cars, but I know I don't owe anybody. At the last I was just shoving out \$40 and \$50 just to shut their moufs. I figure in the past five years, I give 'em half my salary. That would be, lemme see, about \$12,000."

The union came into the shop a couple of years ago and as a consequence, Norris now has Blue Cross. When the eight were indicted, two had already left the company and the remainder were fired. The union refused to go to bat for them, but neither did it give any help to the witnesses, moral or otherwise.

Norris sends a small sum to his wife every week, from whom he is still separated. Many of the fellows in the shop won't talk to him, but "nobody bothers me up" any more. In the gathering darkness, he talks on and on, with quiet, lonely composure.

THINGS GOT BETTER

(Continued from page 15)

been a real problem, are handled by a special committee headed by director Patterson, who does this same kind of follow-up in his job. Two CUNA Supply form letters are used, the first a typical "oversight" note, the second a sterner one calling for "immediate action." If these letters get no results, the committee tries personal contact. The main appeal, says Patterson, is to a member's sense of fairness. "We say 'you borrowed money that belongs to your fellow employees, and that money was entrusted

to the credit committee'." The committee once asked the regional office manager to write a letter to a delinquent and it has threatened similar action in a couple of other accounts. All chargeoffs have been on loans to persons who left the field of membership after they secured their loans.

When both work

Treasurer Kessler says, "We have tried to do some plain and fancy counseling here. We notice that when a man and wife both work, they are more likely to pile up a mountain of debt. Usually they have no children or only one child. They may eat out a lot, buy expensive clothes and take in a lot of shows. We have pulled several from the brink of bankruptcy by consolidating their debts. When we have a real tough case we try to get some one from the credit committee, Highfill, Dean and myself to sit down with the man and his wife. We figure that to learn their true problems we also have to know their true worth. The turnover is small here. I've been here thirteen years

and I know everybody in the office by his first name. We usually know whether the man's wife works. The credit committee won't turn down five loans a year; some years it won't turn down any."

At the end of 1958, after 5½ years of membership in the organized credit movement, VARO Federal Credit union had raised its membership to 517 despite a continual reduction in the work force at the regional office. Also in that 5½ years the credit union had increased its assets more than five times over, had built up a firm reserve of money for loan demand and had started a long leg toward \$2 million loaned since organization. It was a good show for a credit union that seemed to be going no place only six years back.

Maybe the spirit of VARO Federal Credit Union was caught best by Mrs. Betty Holt, the bookkeeper-housewife who puts in most of three days a week in the office. She said, "I've gotten so enthused working here and seeing what we can do that you know what I want? I want a Founder's pin."

FULL-TIME MANAGER

(Continued from page 3)

full-time manager in 1955, our assets were \$500,000 and we had 1,400 members. Today we have a potential of 11,000 members, and an actual membership of 5,300 with assets of \$3.5 million.

"But we should not have waited as long as we did with hiring a full-time manager. I believe that there are three simple reasons why we delayed so long: our board had had no outside encouragement to act; we had given no thought to what we now know to be the obvious advantages of hiring a full-time manager; and we were just coasting along.

"I think any credit union should hire a manager as soon as the anticipated income is enough to pay his salary. A good manager will increase the credit union's income enough to take care of the expense of hiring him."

• **Lincoln A.F.B. Federal Credit Union**, Lincoln, Nebraska. "Lincoln's board hired a full-time manager in 1958. At that time the group was four years old. It had 1,092 members with assets amounting to \$172,000."

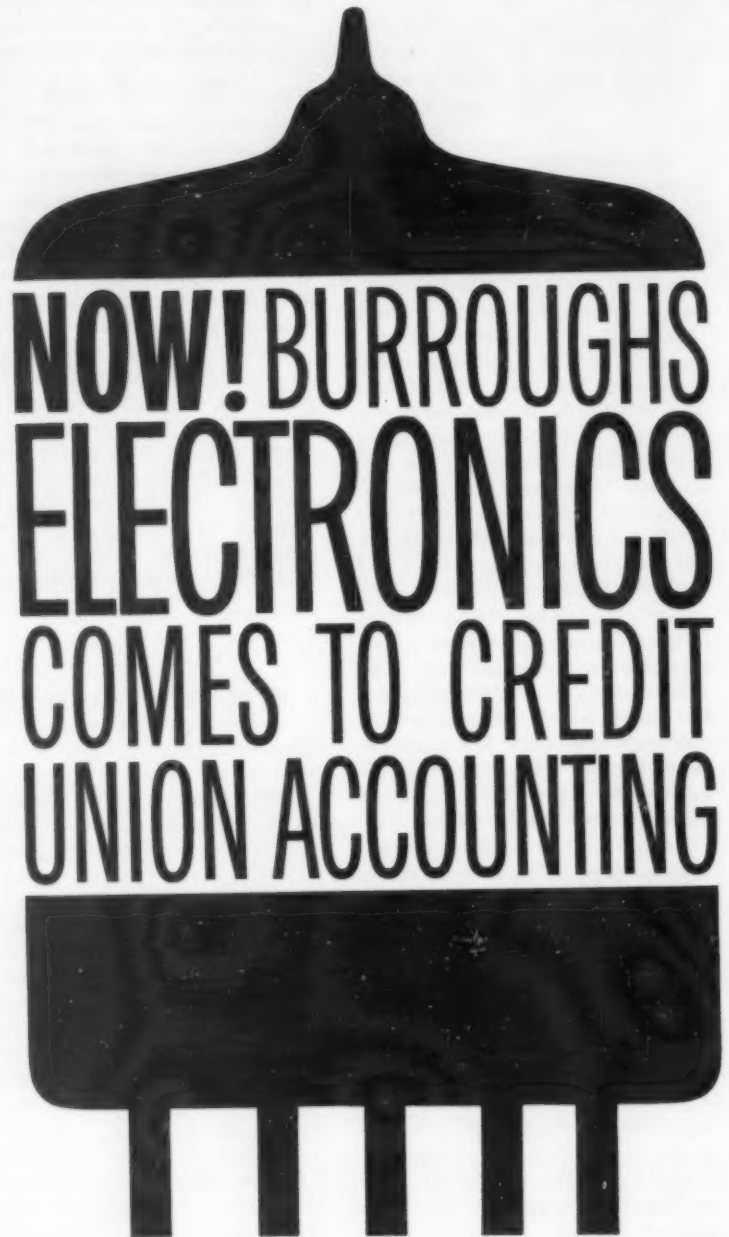
Manager A. Lee Asplin believes

that most cash credit unions with a large potential need a full-time manager when their annual business volume reaches \$100,000. He also feels that this applies to many groups which have payroll deduction.

Comments Asplin: "In the case of military credit unions it is important that the full-time manager be a civilian, because military personnel can't be paid by the credit union nor do they remain long enough on the base. And constant changes in the management of a credit union interfere both with the continuity and the quality of the membership services."

• **Local 155 UAW Credit Union**, Detroit, Michigan. This group employed a full-time manager in 1952, three years after organization. At that time it had 1,200 members and \$100,000 in assets.

Two reasons prompted Local 155 to make the change to a full-time manager: (1) Its treasurer was serving as the paid full-time financial secretary of the Local. And as the credit union grew, it required more time than the treasurer could give. (2) At the same time, the directors realized their group's possibilities for increased services and growth. They sought the



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advice of the League. And after consultation with the League they decided that the time had come to hire a full-time man.

Says Ed Farrell, Local 155's manager since 1952, and previously an examiner for the Bureau of Federal Credit Unions for eleven years: "Even where the mechanical operations of the moment do not require a full-time person, it would still be practical, in my estimate, to hire a full-time manager if the potential of the credit union warrants it. I am thinking particularly of credit unions which could improve their loan service or which may have an opportunity to develop their educational work."

"I believe that if there is enough work to keep a competent person busy on a full-time basis, then the time has come to consider hiring a full-time manager."

• **Motor City Co-op Federal Credit Union**, Detroit, Michigan. Organized in 1948, Motor City employed a full-time manager in 1955. The group's assets at that time were \$182,000 and it had 1,082 members.

"The activity of our credit union had grown substantially just before

the board made its decision," reports treasurer-manager Ralph Bathanti. "And our board felt that part-time management was no longer adequate to meet our members' needs."

Continues Bathanti, "I believe that each credit union should have a full-time manager as soon as it possibly can. This assures that the responsibility for operating it is firmly pinned down. And it also improves the group's rate of growth because as soon as someone is fully responsible, he feels an immediate and personal interest in improving the group's services so that he can justify his existence."

"When a responsibility becomes a full-time job—and is no longer subject to part-time volunteer whims of an already busy volunteer—then there is definite assurance that all the work that should be done will actually be accomplished."

"I strongly believe in volunteer work. But I do not think that volunteers should be exploited. And it seems to me that it is unfair to both the volunteers and the membership to ask continuously for large amounts of unpaid services at a time when the credit union can afford to pay its own way."

• **U.P. Terminal Federal Credit Union**, Omaha, Nebraska. This railroad employees' group was organized in 1941. It hired a full-time manager when it was sixteen years old in 1957. U.P.'s membership at that time had reached 1,067 with assets of \$371,284.

Comments Manager George A. Healy, who has served U.P. as treasurer since organization: "A credit union should give serious thought to hiring a full-time manager when its assets reach \$200,000—if the group operates in a single, concentrated area. If the members, on the other hand, are widely dispersed, as is frequently the case with railroad employees, then the time to get a full-time manager can possibly be postponed until the group's assets reach \$250,000. But all of this presumes that the credit union should hire a full-time clerk at a \$150,000-\$200,000 level."

"The three principal factors which are most important in determining the time when a full-time manager is needed are, in my opinion, (1) the number of counter transactions, (2) the number of counseling interviews with present and prospective members and (3) the number of active and potential members."

• **Wyandotte Chemicals Employees Credit Union**, Wyandotte, Michigan. This group was organized in 1938. In 1945 it employed a full-time manager. At that time it had 1,260 members and \$300,000 in assets. By mid-1959 its membership had grown to 7,624 and assets had reached \$7.7 million.

Comments David Arsenaault, Wyandotte's treasurer-manager: "We felt that we could have had a full-time manager earlier, perhaps when we had about \$150,000 in assets. But our board did not feel quite ready at that time. It seems to me that recognition of the group's potential should be the deciding factor."

"We employed several part-time persons and two full-time clerks before engaging a full-time manager. We hired our first full-time clerk in 1940 when our group's assets had reached \$50,000."

Most credit unions are inclined to delay hiring a full-time manager until circumstances force them to take action. This may be the easiest way to solve the problem, but it does not provide the membership with the best possible credit union service.

The findings of the Bridge survey

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show that hiring a full-time manager invariably stimulates the credit union's growth. In some cases the growth rate jumps as much as 1,000 percent.

The time to plan for a full-time manager is six months to a year before the credit union actually needs him.

CREDIT BUREAU

(Continued from page 7)

per-call fees for their support. In one midwestern credit bureau the clients pay monthly membership fees from \$3 to \$300 depending on the number of credit checks they are likely to require each month.

The alternative to a merchant's using a credit bureau, so far as credit bureau men are concerned, is a cumbersome procedure of calls by the credit department of the inquiring firm direct to the references listed by the customer. Sears, Roebuck and Household Finance Corporation are two large dispensers of credit which leave their local managers discretion between credit bureau reports and direct calls. Usually these local stores or offices use a combination of direct and bureau reports.

Banks are large users of credit bureaus, as are savings and loan associations. The larger the amount of credit sought, the more exhaustive the report is likely to be. A savings and loan considering a first mortgage loan will require a full report. In one midwestern city, two banks have direct lines into the credit bureau. The bureau manager said introduction of check credit has necessitated rapid-fire service by bureaus for the banks. For example, a customer might at the moment be in the department store applying for check credit. The store calls the bank for okay and the bank calls the credit bureau. All of this has to be done while the customer, goods in hand, stands ready to leave the store.

Credit bureaus stress rapid phone service. A merchant in a matter of seconds can give a customer's name and get:

- Current and past addresses
- Where he works
- How much he earns
- Payment record on current obligations
- Court and/or police record, if any
- Bankruptcies if any in past five years

The one thing that a merchant cannot get is a rating or an opinion on the subject's credit worthiness. Credit bureaus don't pass judgment on individuals.

Credit records follow a person from town to town through an interchange worked out by the 3000 members of the Associated Credit Bureaus of America in St. Louis. On ACBoFA forms, the bureau in the customer's new hometown will write to the bureau in the old town asking for a complete file and paying a standard

fee of about \$2.00 for the report. Regardless of how many times the credit record moves between towns, the starting date—in John Smith's case above, July 1948—always shows as the same.

Some credit union people raise the question: Why does a credit union member need a good credit record? The argument is that once he establishes a record with a credit union, he is free to continue using the cheapest and most convenient source of credit available. The fact is that the

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Keeping Posted

ON CUNA SERVICES



The CUNA program and services are planned on the basis of consultation between League officers and staff, national board and committee members and CUNA staff. The basic purpose of the CUNA program is to support, supplement and strengthen League programs. Most CUNA services are available through League offices; some are available directly.

PUBLIC RELATIONS

Happy Credit Union Day! Now's the time to get scheduling for the 20-second TV spot featuring Don McNeill distributed through leagues to all chapters for Credit Union Day . . . Conference for league editors, co-sponsored with Bridge, coming up December 3 and 4 in Chicago. (Warren Lutey, director.)

ADVERTISING AND PROMOTION

Stock letterheads available in new designs from CUNA Supply; custom-designed credit unions meeting your special needs available from Advertising and Promotion Department. Have you seen letterhead paper with Little Man watermark? It's distinctive. (Phil Davies, director.)

RESEARCH

Stabilization conference being scheduled for early November. Department is cooperating with Commission on Money and Credit, new independent agency financed by Ford Foundation to produce comprehensive review of American financial institutions. (Bert Levin, director.)

INSURANCE SERVICES

Staff will be working during October, mainly in loss prevention meetings, in Arizona, Illinois, South Carolina, Nebraska, Idaho, Virginia, Maine, Rhode Island, Delaware, Pennsylvania, Utah, New Jersey, Wisconsin and Iowa. (Stan Harris, director.)

EDUCATION

Conferences for league fieldmen scheduled in October for Salt Lake City and Milwaukee. Management specialists' conference booked November 16-20 in Madison. Training conferences for league directors under study. (John Bigger, director.)

SPECIAL PROJECTS

Department will be helping leagues

set up chapter programs on Blueprint for Progress in British Columbia, Alberta and Vermont. (Kent Francis, director.)

PERSONNEL

Survey of job classifications and salaries, including fringe benefits, in leagues and credit unions has been mailed to all participating groups. More copies available for those who can use them. (Jack Lary, director.)

ORGANIZATION

For more uniform statistics of new credit unions, it is now proposed to count credit unions from day charter is approved. This affects also Founders' Club awards. Library of league organization programs has been mailed to all managing directors. New visual aids in progress, including material for training volunteer organizers at chapter meetings. (Bob Dolan, director.)

LEGAL AND LEGISLATIVE

Assuming the new federal law amendments have been passed by the time this is off the press, the department's next assignment is to work on the model law and bylaws. A special meeting of the legal and legislative committee will be held in the fall to tackle this. The liaison committee will also hold a special meeting in Washington soon. (Dave Weinberg, director.)

WORLD EXTENSION

Leads are developing for credit union programs in Guatemala, Cuba and Venezuela. Also a group of labor leaders from Ghana visited Filene House recently and took back credit union material. Incidentally, this is a good time for credit unions in university towns to contact campus sources for foreign students who might like some part-time credit union work. (Olaf Spetland, director.)

EXECUTIVE

The executive offices of the Credit Union National Association are located in Madison, Wisconsin, and Hamilton, Ontario. Vance Austin is managing director, Orrin Shipe is assistant managing director and John Brady is comptroller, all in Madison. Bob Ingram is Canadian manager in Hamilton. The Washington office is under the direction of Hubert Rhodes.

credit union member probably already has a record at the credit bureau whether he knows it or not. If he, like John Smith, bought milk by home delivery or applied for a gasoline credit card or financed some home repairs through a lumber dealer, then he probably has an extensive card file at the bureau office.

Credit unions use credit bureaus in different degrees, tending to increase their use as they grow larger and lose some personal knowledge of members. Some large credit unions have established free swap-out of information with local credit bureaus. They get a report on new members borrowing for the first time and they give reports on members when asked for by the bureau.

Credit bureaus have consistently won court tests against their right to possess and distribute confidential information. Courts have held them in violation so long as the information remains confidential and is disseminated only to those persons who have some reasonable right to ask for it. Credit records are coded, each store with a number, so that the information would mean little even if it got into unauthorized hands.

Learns from dad

Credit bureau men see interesting family lines in credit records. They say that a young man getting married is likely to follow repayment habits learned from his father. If the young married man has no credit record of his own, the bureau will refer back to his dad's record in submitting a report to the early inquirer. If a young man and his bride both have established good credit records before marriage, they will start family life with a favorable card in the bureau office. But if the young groom has no record with the bureau and he marries a girl who has been working and has established a spotty, slow-pay record of her own, credit bureau men say "Watch out!" Their theory is that the wife is more likely to influence her new husband into poor credit habits than he is to correct her of her bad habits.

Most people never know of the work done by credit bureaus. But it's an uninformed man who says, "I don't have a credit record"; and it's an unwise man who abuses the privilege of credit. In this regard, his misdeeds have a way of following him, even to the grave.

the AUTO INSURANCE RATE PROBLEM

... how you and your community can help solve it

Auto insurance rates will continue to climb unless the number of costly accidents is drastically cut. This is the opinion of leading insurance experts who are alarmed over the rising rate of loss payments.

What are the reasons?

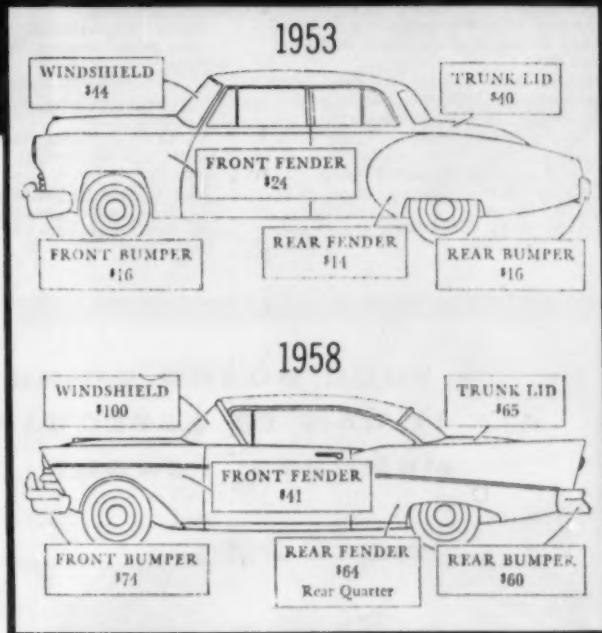
The reasons for the rising rate are many: increased traffic congestion, faster cars causing more serious accidents, more costly cars, rising medical, hospital, legal and other costs. Insurance underwriters work for maximum efficiency to keep costs down, but they are at the mercy of factors beyond their control.

High replacement costs

Today's extreme automobile styling makes repairs and replacements highly expensive. A sideswipe or a bump that formerly meant a minor repair bill now can cause a costly one, due to fancy bumpers and grilles, built-in multiple headlights, elaborate rear decks, sweeping fenders and extensive ornamentation.

Ten years ago a stone through a windshield of a lower-priced car caused a \$15 loss. Now the cost to replace a wrap-around front glass on a '58 or '59 model is more than \$100, while on the most expensive cars it is as high as \$190.

Power brakes, power steering, intricate engines and transmissions on current models cost more to repair, and a shortage of skilled mechanics results in longer delays and higher charges. These all add to insurance costs.



A COST COMPARISON

Here is a comparison of the costs of similar replacements on a composite of the popular lower priced 1953 models (top) and a composite of those of 1958. Totals: 1953, \$154; 1958, \$404.
—From Traffic Quarterly

What can be done about it?

The only way to decrease the amount of claims paid is to reduce the number of accidents. Rather than sit back and let rates soar, motorists and communities should make an all-out effort to bring them down. Traffic and insurance experts suggest this four-point program as an effective way to keep insurance costs under control:

1. Join in effective safety campaigns.
2. Improve local traffic control.
3. Develop an accident prevention program.
4. Improve driver knowledge through driver training programs and special aids.

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COMING EVENTS

October 2-3—**Indiana** Credit Union League annual meeting, Claypool Hotel, Indianapolis.

October 3-5—**New South Wales** Credit Union League annual meeting, Sydney.

October 9-10—**Wisconsin** Credit Union League annual meeting, Hotel Northland, Green Bay.

October 15-16—**Fiji** Credit Union League annual meeting, Village of Galoa, Serua.

November 19-22—**California** Credit Union League annual meeting, U. S. Grant Hotel, San Diego.

November 19-22—**Missouri** Credit Union League annual meeting, Hotel Robidoux, St. Joseph.

January 30-31, 1960—**Utah** State Credit

Union League annual meeting, Salt Lake City.

February 18-20—**Credit Union League of Manitoba** annual meeting, Marlborough Hotel, Winnipeg.

February 23-24—**Saskatchewan** Credit Union League annual meeting, Bessborough Hotel, Saskatoon.

March 3-5—**Ontario** Credit Union League annual meeting, Royal York Hotel, Toronto.

March 4-5—**North Dakota** Credit Union League annual meeting, Memorial Building, Jamestown.

March 11-12—**Connecticut** Credit Union League annual meeting, Hotel Statler, Hartford.

March 18-19—**Rhode Island** Credit Union League annual meeting, Sheraton-Biltmore Hotel, Providence.

March 24-26—**Texas** Credit Union League annual meeting, Municipal Auditorium, Austin.

March 25-26—**Arizona** Credit Union League annual meeting, Westward Ho Hotel, Phoenix.

March 25-27—**New Jersey** Credit Union League annual meeting, Traymore Hotel, Atlantic City.

April 1-2—**District of Columbia** Credit Union League annual meeting, Hotel Statler-Hilton, Washington.

April 2—**Maryland** Credit Union League annual meeting, Lord Baltimore Hotel, Baltimore.

April 7-9—**Kansas** Credit Union League annual meeting, Jayhawk Hotel and City Auditorium, Topeka.

April 8-9—**Illinois** Credit Union League annual meeting, Hotel Sherman, Chicago.

April 8-9—**Massachusetts** CUNA Association annual meeting, Hotel Somerset, Boston.

April 9—**Vermont** Credit Union League annual meeting.

April 21-23—**Alberta** Credit Union League annual meeting, MacDonald Hotel, Edmonton.

April 21-23—**Nebraska** Credit Union League annual meeting, Cornhusker Hotel, Lincoln.

April 21-23—**Oklahoma** Credit Union League annual meeting, Tulsa Hotel, Tulsa.

April 21-23—**Pennsylvania** Credit Union League annual meeting, Sheraton Hotel, Philadelphia.

April 22-23—**Alabama** Credit Union League annual meeting, Thomas Jefferson Hotel, Birmingham.

April 22-23—**Arkansas** Credit Union League annual meeting, Pines Hotel, Pine Bluff.

April 22-23—**Georgia** Credit Union League annual meeting, Albany.

April 22-23—**Iowa** Credit Union League annual meeting, Blackhawk Hotel, Davenport.

April 22-23—**Michigan** Credit Union League annual meeting, Pantlind Hotel, Grand Rapids.

April 22-23—**Minnesota** Credit Union League annual meeting, Nicollett Hotel, Minneapolis.

April 22-24—**South Dakota** Credit Union League annual meeting, Sheraton-Cataract Hotel, Sioux Falls.

April 23-24—**Wyoming** Credit Union League annual meeting, City-County Building, Casper.

April 28-May 1—**Ohio** Credit Union League annual meeting, Cleveland.

April 29-30—**Colorado** Credit Union League annual meeting, Shirley-Savoy Hotel, Denver.

April 29-30—**West Virginia** Credit Union League annual meeting, Chancellor Hotel, Parkersburg.

April 29-May 1—**Louisiana** Credit Union League annual meeting, Capitol House Hotel, Baton Rouge.

May 5-7—**Virginia** Credit Union League annual meeting, Hotel Chamberlin, Old Point Comfort.

June 10-11—**Washington** Credit Union League annual meeting, Monticello Hotel, Longview.

June 23-25—**British Columbia** Credit Union League annual meeting, Courtenay.

IS YOUR BOARD DOING ALL IT CAN TO SAFEGUARD MEMBERS' FUNDS?



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- You should provide necessary office equipment and facilities that will promote good sound operations. Learn the meaning of terms such as "fireproof" and "fire resistant", and purchase equipment accordingly.
- Be sure you get reports from officers and committee chairmen, and make first-hand investigations of your own. Advise any committee chairman whose committee is not operating satisfactorily.
- Always know your employees and prospective employees well. Exercise sound judgment in selecting individuals who are trustworthy and faithful in performing their duties.

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celebrated world-wide...

INTERNATIONAL CREDIT UNION DAY

OCTOBER 15th

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The lives of all of us are governed, to a great extent, by changing of time. Within each decade, innovations and varying prosperity change our lives a great deal.

Unlike us, the credit union story remains standard. Its original ideals and principles are still upheld and regarded very highly. The credit union idea is far from new, in fact, its origin dates back over 100 years, but its services remain modern throughout each generation. Most of us, in some way, have benefited through credit unions and in later years our children will continue to benefit — so new is an old idea.

This October 15th reflect with us in memory of the creation and purpose of an idea-made-real — credit unions. They ask nothing more than to serve you and your fellow man.

CUNA MUTUAL is proud to be a part of the credit union story.

